



REALIZING THE MDGS IN LAO PDR:

Consolidated Programme of Support to MPI for the Achievement of the Valuable Goals of the 7th NSEDP 2011-2015

Background

Lao PDR is a landlocked Least Developed Country (LDC) characterized by low levels of per capita income, low levels of human resource development, and lack of economic diversification. The country has been successfully transitioning from a centrally-planned economy to a more market-based system since the introduction of the New Economic Mechanism (NEM) in 1986. This has contributed to relatively high economic growth over much of the past two decades including GDP growth averaging more than 7 percent per annum between 2001 and 2010. Overall poverty has almost halved over the past two decades from 46 percent in 1992-93 to 26.7 percent in 2007-08 and significant progress has been made towards achieving a number of other MDGs.

While living conditions have improved markedly in urban areas, and poverty has continued to decline, poverty and near poverty still remain widespread, especially in rural areas where the vast majority of Lao people still live and work largely at a subsistence level. Moreover, progress towards several MDGs is seriously lagging behind despite high GDP growth. Special efforts will be needed to accelerate MDG progress in the areas of child malnutrition, maternal mortality, gender equity, environmental sustainability and UXO removal. Income disparities have also increased significantly in recent years as reflected by a significant rise in the country's GINI coefficient from 28.6 to 35.7 between 1992 and 1997, highlighting the need for more inclusive and equitable growth.

In recent years, high GDP growth has been increasingly driven by high global commodity prices and large inflows of foreign direct investment (FDI) attracted by the country's rich natural resource sectors (hydro, mining, forestry, and increasingly industrial crop plantations). At the same time, the quality of growth (including equity and sustainability), the underlying quality of FDI, natural resource management and environmental sustainability are critical emerging issues. Similarly, judging from concerns increasingly expressed in the National Assembly, security of land and home for Lao people is a growing concern due to the rapid growth of foreign investment approvals in land related investments and the still nascent stage of legally secure land titling for most Lao families and communities, especially in rural areas. As a result, FDI will need to be more strategically mobilized to effectively contribute to the achievement of the country's valuable goals outlined in the 7th National Socio-Economic Development Plan (NSEDP) 2011-15 including the MDGs and further advancing the country towards graduation from LDC status by 2020.

Rationale

In order to generate additional synergies, reduce overhead and transactions costs, and further increase managerial and administrative efficiency, the Government of Lao PDR requested that several separately implemented UNDP projects at the Ministry of Planning and Investment (MPI) supporting in various ways the achievement of the goals of the NSEDP/MDGs be consolidated into a single, more efficient, results-based programme. In addition, more systematic linkages will be developed with other UNDP programme activities, and those of other UN Agencies and development partners. Furthermore,

this more programmatic approach also better conforms to the commitments of the Paris and Vientiane Declarations on Aid Effectiveness.

Objective

The main objective of this consolidated programme of support is to provide more efficient and results-based support to help Lao PDR achieve the valuable goals of the 7th NSEDP 2011-1015, especially more inclusive and equitable growth, the MDGs and substantial further progress towards graduation from LDC status.

The programme aims to strengthen the Government's capacity at central and local levels to improve its planning, implementation and monitoring processes, promoting an integrated and coordinated approach to mainstream poverty reduction, gender equality and achievement of the MDGs. It also aims to improve monitoring and reporting of the 7th NSEDP in order to promote the utilization of information and policy research and analysis for more effective plan implementation and future policy and strategy formulation and planning. Building upon the success of the Round Table Process to date, the programme will further strengthen capacity of the Government for effective management and coordination of Official Development Assistance (ODA) and for mobilizing high quality Foreign Direct Investment (FDI) to contribute to the achievement of the 7th NSEDP priorities.

Components 1-4

The new consolidated support programme builds upon earlier capacity building support and includes four mutually supportive components each aimed at assisting the Government achieve the valuable goals of the 7th NSEDP. These four components are:

1. Support to consultative planning, implementation, monitoring, assessment and reporting on the NSEDP/MDGs. The main objective of this first component is to strengthen the capacity of MPI and local planners to ensure that poverty reduction and national development priorities including the MDGs are effectively incorporated into annual NSEDP implementation plans including public investment programmes (PIPs), and also to strengthen capacity of the MDG and LDC Secretariats. The Department of Planning (DOP) will take the lead in facilitating, coordinating and drafting the annual implementation

plans and end-year reviews in close consultation and collaboration with other MPI departments, the Ministry of Finance and other relevant Ministries and Government agencies at the central and provincial levels.

2. Support to strengthening effective monitoring and evaluation of progress towards goals of NSEDP/MDG via LaolInfo. The main objective of this component is to strengthen the monitoring of the 7th NSEDP implementation and progress towards the MDGs. This will be achieved through improvement of the common database (LaolInfo) that contains updated data disaggregated by sex, age group, region and ethnicity to support evidence-based planning and decision making at both national and sub-national levels in a timely manner. Assessments and reviews of capacity needs will be conducted, and targeted capacity building assistance will be provided. This component is implemented by Lao Statistics Bureau (LSB) (formerly the Department of Statistics).

3. Support to strengthening the Round Table Process for achievement of NSEDP/MDGs. This component is implemented by Department of International Cooperation (DIC). Through the National Round Table Process, this component aims to further strengthen the capacity of MPI, especially the Department of International Cooperation (DIC), to facilitate and lead the effective mobilization and coordination of ODA for the achievement of the valuable goals of the 7th NSEDP, especially the MDGs and advancing the country towards graduation from LDC status. The component will be implemented DIC, enhancing its capacity to effectively guide the Sector Working Groups (SWGs) for effective implementation of the 7th NSEDP and MDG achievement, facilitate an effective implementation of the Vientiane Declaration on Aid Effectiveness Country Action Plan (VDCAP) and other aid effectiveness commitments, and increase accessibility and transparency of the ODA data, information and analysis through promoting the Aid Management Platform (AMP), an ODA database.

4. Support to advancing Human Development through policy-informing research on Human Development issues especially relevant for achieving NSEDP/MDGs. The main objective of this component is to help further develop Government capacity to undertake applied policy research on strategically selected human development issues especially relevant to

achieving the goals outlined in the NSEDP, particularly the MDGs and advancing progress towards the country's graduation from LDC status. Such policy-informing research will also help inform the basis of discussion at the Round Table Process, the formulation of annual NSEDP implementation plans, and eventually the formulation of the 8th NSEDP 2016-2020. This component is implemented by National Economics Research Institute (NERI).

Linkages between components

The diagram below shows the linkages and relationships between each component of the MPI programme. Under Component 1, DOP in close collaboration with DIC will ensure that annual NSEDP implementation plans and progress reviews are prepared in consultative manner, and disseminated through the Round Table Process. This is to help guide substantive dialogue as well as to help mobilize and coordinate ODA assistance for achieving the NSEDP goals in the areas that are most needed.

Component 2 will compliment the activities of Component 1 by ensuring the effective monitoring and evaluation of the NSEDP implementation and progress towards the MDGs, in order to support evidence based planning and decision-making at national and sub-national levels in a timely manner.

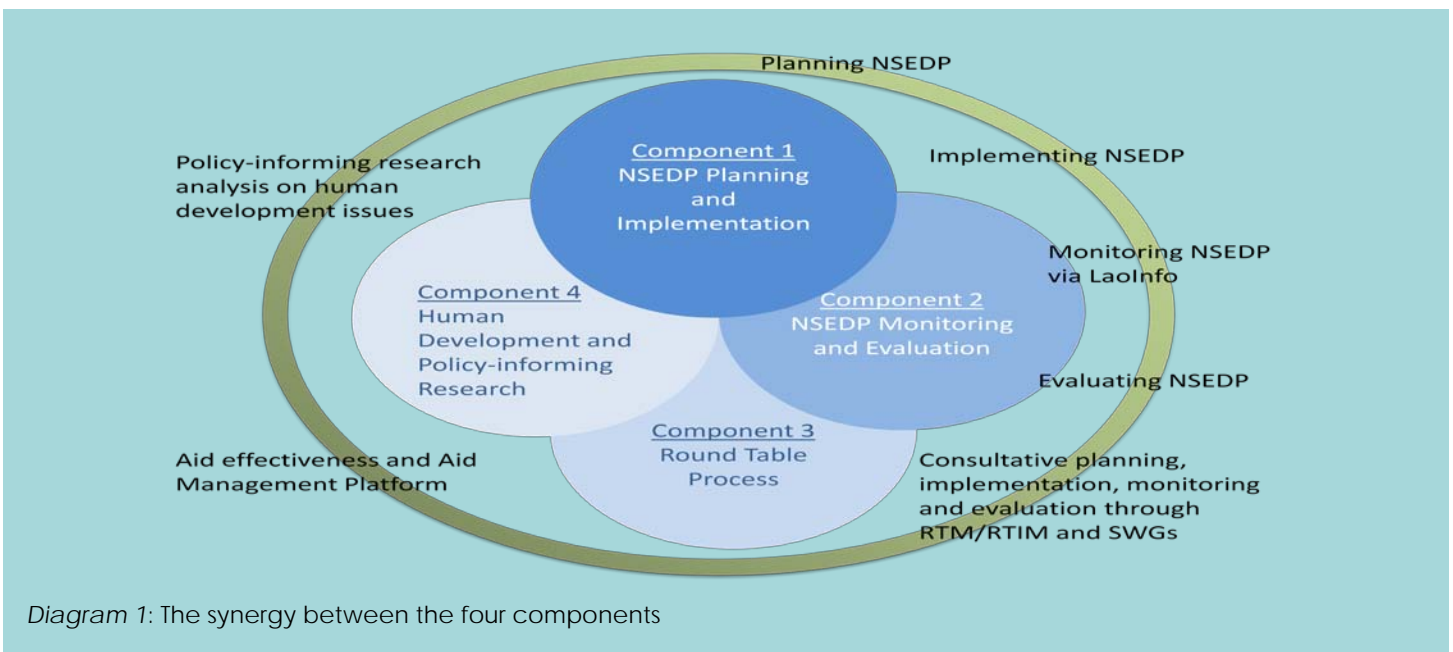
Under Component 3 on the Round Table Process, the work of the Sector Working Groups will be made more practical and results-based to ensure better alignment with the NSEDP goals as well as MDGs. In

order to strengthen the link between planning and budgeting framework, the ODA database (Aid Management Platform) will used for monitoring the ODA plan and requirements and the system will be linked with the NSEDP Monitoring System (LaolInfo) to provide a holistic analysis on implementation progress of the 7th NSEDP.

In addition, more systematic linkages will be developed between the applied and evidence based research work of NERI under Component 4 and the work of other implementing departments. Background documents and research papers on critical development topics will be shared through the Round Table forum to inform the work of DOP, such as the formulation of the 8th NSEDP (2016-2020). Similarly, emerging issues concerning the implementation of the NSEDP will be conveyed by DOP to help guide the practical research planning and work of NERI.

Programme implementation and sustainability

The implementation of the MPI programme will be carried out on a mutually accountable basis. The Government will provide in-kind contribution to the programme and will make available civil servants in the output areas specified by the programme, including the Programme Manager, Programme Support personnel from DIC, DOP, LSB and NERI as well as personnel from Department of International Organizations (DIO), Ministry of Foreign Affairs (MOFA). UNDP will commit its Regular (Core) Resources under



the next Country Programme Document and facilitate coordination and harmonization.

Through the national implementation modality, UNDP will continue to support the Government to further strengthen national capacity during the proposed programme which is directly supporting the mandates of the four MPI Departments concerned. By the end of the programme, necessary capacity will be built to enable the MPI departments concerned to sustain outputs and results that have been generated during the course of the programme.

The approach to technical assistance (TA) proposed here envisions greater use of targeted, short term, technical advisory support and training-of-trainers, followed and supported by extended twinning and mentoring by one or two long-term Technical Advisors. Emphasis will be placed on further preparing national civil service staff to take on greater responsibility over the course of the programme cycle.

Total Budget Plan

Component	UNDP Core Resource (USD)	Donor Contribution	Unfunded Budget (USD)	Total Fund (USD)
1	1,090,736	-	1,347,164	2,437,900
2	651,500	-	651,000	1,302,500
3	1,295,000	-	2,215,500	3,510,500
4	430,000	-	1,379,700	1,809,700
Total	3,467,236	-	5,593,364	9,060,600