



Opening Remarks

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National Workshop on District Development Fund (DDF)

Don Chan Palace, Vientiane, Lao PDR
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Your Excellency Mme Bounpheng Mounphoxay, Minister to the Prime Minister's Office and the Chair of PACSA

Mr. Khammoune Viphongxay, Vice Chair of PACSA & GPAR SBSB Executive

Vice Ministers, Vice Governors and Director Generals, Senior Representatives from ministries, provinces, districts, Development Partners Distinguished Guests, Ladies and Gentlemen:

It is indeed my great pleasure to co-chair this important National DDF Workshop which comes very timely in the lead up to the Round Table Meeting later this month. Please also allow me to extend my sincere gratitude and congratulations to PACSA, particularly H.E. Mme Bounpheng Mounphoxay for her leadership and commitment to governance and public administration reform agenda.

Excellencies, Colleagues, Ladies and Gentlemen,

This National DDF Workshop bringing together Government and Development Partner Representatives will provide an opportunity to

- (i) Discuss and the achievements to date of DDF as a capacity development initiative fully using government systems, aimed at improved service delivery at local levels
- (ii) Discuss collaboration and coordination with other partners active in DDF replication
- (iii) And – this will be the main purpose of the meeting today - we will discuss a strategy for scaling-up of the DDF to national programme covering the

entire country as part of our concerted efforts to build sub-national capacity for service delivery

The DDF pilot implementation in Saravane and expansion to a coverage now of 35 districts in 5 provinces has provided valuable lessons learned, both in terms of challenges and successes/best practices. In addition, the World Bank and Lux-Development have also adopted the DDF approach and are replicating it in Khammouane and Bolikhamxay provinces. This move is very positive and shows that the DDF is successful.

There is evidence clearly showing that local authorities, particularly districts who play very critical roles in achieving MDG and NSEDP development goals, have benefited from the DDF model. Strengthened local authority capacities are essential to reach-out and to provide equitable access to services. Without capacitated and empowered local authorities, it will not be possible to achieve development targets. Therefore, the above DDF successes contribute substantively to achieving the goals of the MDGs and NSEDP through improving the livelihoods of local people thus poverty reduction.

I am very gratified to see from these DDF experiences an instance where governance reforms have made a tangible and immediate impact on the lives of hundreds of thousands of poor people. Small resources, when channelized to administrations that are closest to the people, can make a catalytic impact on poor people's lives. Proposing, deciding and constructing a small footbridge to help children cross a stream in order to get to the nearest school, is best done locally between village communities and their district administrations – they don't need large resources or sophisticated technology. I am particularly pleased that districts with their limited capacities, have made excellent use of this opportunity to become very effective partners in development. It makes governance reform truly a means to support better service delivery.

However, today we are not only here to hear about DDF successes, challenges and lessons learnt but also to discuss the way forward as a fully government owed tool for decentralized fiscal transfers, capacity development for service delivery and investment into critical infrastructure. The DDF already does use government systems but needs to be further integrated into the mainstream national planning, budgeting and implementation frameworks.

It is also recommended that the Government of Laos starts to strategize how to gradually introduce co-financing of the DDF from its national budget, hoping that in 5 or 10 years from now, the GoL should be able to take a larger share of the DDF financing from its national budget. The DDF has the potential to be a key component in the implementation of the 7th NSEDP. In particular it can play a role in ensuring that the fiscal proceeds of growth are re-invested in the districts, thus sharing the benefits of growth and accelerating the achievement of the MDGs and the goals of the NSEDP. Indeed, the Prime Minister's decree instruction #01 from 2000 stipulates for the provinces to function as strategic unit, the district to be the planning and budgeting unit and the villages the serve as implementating units.

Excellencies, Colleagues, Ladies and Gentlemen,

The current GPAR programme – including DDF - will come to an end next year. Therefore, PACSA with support of UNDP, UNCDF and development partners are already involved in the process of formulating the new National GPAR programme (2011-2015) based on expected outcomes/targets set in the Strategic Plan on Governance 2011-2020 and the priorities of the 7th NSEDP. It is expected that new national GPAR programme start its implementation in 2011 to ensure continuity and up-scaling including for the DDF initiative.

As you know, the DDF component has been a major part of the current GPAR programme and it is envisaged that it will remain one of the main components of the new national GPAR programme. DDF is seen by our government partners as part of a harmonized and up-scaled national programme, which will extend its coverage to all provinces in Laos (including the 5 current DDF provinces) within the next 5-year

period. Based on its successes and lessons from Saravane and the 4 provinces which joined more recently, it is now time to scale up the modality. I understand that PACSA has estimated \$19m would be required for DDF component within the new national GPAR programme.

From practical experience of DDF implementation, it is visible that the DDF successes and experiences are mainly recognized and valued by local authorities who are as practitioners involved in its implementation. The modality, however, has not enjoyed the same level of recognition at higher and national level. Therefore, this workshop also aims to bring the local experiences on DDF implementation to the attention and consideration of those policy makers. This workshop will certainly assist in this endeavor and improving the knowledge of the DDF approach by national stakeholders and development partners.

Excellencies, Colleagues, Ladies and Gentlemen,

To successfully drive the DDF implementation as part of the governance reform agenda, a continued strong leadership and ownership of PACSA, line ministries, provincial authorities and development partners is required. I would like to assure our partners here once again of our full commitment and partnership in this regard.

In conclusion, I would like to – once again – congratulate and thank PACSA, line ministries and the Provincial Authorities for their leadership and commitment. I would also like to thank the GPAR projects and DDF teams for their dedication and tremendous work which is made possible through the generous support we receive from the Swiss Agency for Development and Cooperation (SDC), Luxembourg, UNCDF, EC, UNV and SNV.

I wish all of you success, and I am very much looking forward to the presentations and discussions later today which will help us to develop a shared

understanding and clear future of the DDF component and its contribution to achieving the MDGs and the 7th NSEDP.

---Thank You---

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