



Technical Assistance Report

Project Number: 41653
Capacity Development Technical Assistance (CDTA)
December 2008

Lao People's Democratic Republic: Capacity Strengthening for Enhancing Aid Effectiveness

CURRENCY EQUIVALENTS

(as of 31 October 2008)

Currency Unit	–	kip (KN)
\$1.00	=	KN8,557
KN1.00	=	\$0.00012

ABBREVIATIONS

ADB	–	Asian Development Bank
CAP	–	country action plan
DIC	–	Department of International Cooperation of the Ministry of Planning and Investments
Lao PDR	–	Lao People's Democratic Republic
MDG	–	Millennium Development Goal
MPI	–	Ministry of Planning and Investments
MPWT	–	Ministry of Public Works and Transport
NSEDP	–	National Socio-Economic Development Plan
ODA	–	official development assistance
RTIM	–	roundtable implementation meeting
RTP	–	roundtable meeting process
SWG	–	sector working group
TA	–	technical assistance
UNDP	–	United Nations Development Programme

TECHNICAL ASSISTANCE CLASSIFICATION

Type	–	Capacity Development Technical Assistance (CDTA)
Targeting Classification	–	General intervention
Sector	–	Law, economic management, and public policy
Subsector	–	National government administration
Theme	–	Capacity development
Subthemes	–	Institutional development, organizational development

NOTES

- (i) The fiscal year (FY) of the Government ends on 30 September.
- (ii) In this report, "\$" refers to US dollars.

Vice-President	C. Lawrence Greenwood, Jr., Operations 2
Director General	A. Thapan, Southeast Asia Department (SERD)
Director	G-H Kim, Lao PDR Resident Mission (LRM), SERD
Team leader	S. Ekelund, Senior Portfolio Management Specialist, LRM, SERD
Team members	C.T. Hnanguie, Country Economist, LRM, SERD S. Leuangkhamsing, Economics Officer, LRM, SERD

I. INTRODUCTION

1. The Government of the Lao People's Democratic Republic (Lao PDR) is systematically managing its development assistance, as required for better development results under the Paris Declaration on Aid Effectiveness, to which Lao PDR is a signatory. To promote wider buy-in to the aid reform process, the Government and 24 development partners, including the Asian Development Bank (ADB), signed in November 2006 a joint statement the Vientiane Declaration on Aid Effectiveness. The Vientiane Declaration effectively customizes the Paris Declaration for Lao PDR's country-specific circumstances, considering Government ownership of development policies and strengthened leadership in coordinating aid. Further, it is (i) ensuring that development partner strategies and policies are aligned with those of the Government within the framework of the Sixth National Socio-Economic Development Plan, 2006–2010 (NSED6); (ii) encouraging adoption of common development partner arrangements, simplified procedures, increased authority of local development partner offices, and cooperation in preparing core economic and analytical sector reviews; and (iii) fostering the use of sector-wide and program-based approaches. To help strengthen capacities to improve aid effectiveness and provide parallel cofinancing for selected activities of the United Nations Development Programme (UNDP) and Luxembourg's ongoing project of Enriching the Roundtable Process for Increased Aid Effectiveness and Development Results, the Government requested capacity development technical assistance (TA) from ADB. Working together with the Government, the TA Fact-Finding Mission, carried out intermittently between December 2007 and July 2008, ascertained the context, scope, project impact, outcome, outputs, implementation and financing arrangements, and the consultants' terms of reference. The TA design and monitoring framework is in Appendix 1.¹

II. ISSUES

2. The Government is implementing its 5-year NSED6 which the National Assembly approved in October 2006. NSED6 targets 7.5%–8.0% annual average gross domestic product growth; creating 652,000 additional jobs; reducing the number of poor households to 15%; and achieving the Millennium Development Goals (MDGs), which form an integral part of NSED6. Progress so far in achieving the MDGs is mixed.² Lao PDR is likely to achieve the MDG of halving the incidence of poverty by 2015, but progress in other areas is more spotty. For human development, progress is satisfactory in primary education, but less so in primary health, control of communicable diseases, access to water and sanitation, and gender equality. Large segments of the population remain without access to basic infrastructure, and greenhouse gases per capita continue to rise. The NSED6 now guides official development assistance (ODA) to the country. ODA constitutes a significant portion of the Government's development spending. Public investment accounted for 49% of total public expenditures in fiscal year 2007, of which 42% was financed by ODA. Through the roundtable process, external aid has been aligned with the MDG-based NSED6 and development priorities while capacity development has been undertaken for ODA management. It is recognized that the Government will need further support to achieve all MDGs.

3. NSED6's implementation will continue to rely heavily on ODA. The high levels of development partner activity are dispersed across many sector and thematic areas, thus requiring significant levels of support from existing aid management and development partner coordination mechanisms. A high degree of aid dependence has also made it difficult to build sustainable domestic programs and to meet the recurrent outlays required to keep pace with

¹ The TA first appeared in *the business opportunities section of ADB's website on 16 October 2007.*

² ADB. 2007. *2007 Development Effectiveness Review.* Manila.

rapid growth in public facilities and services. Consequently, there is considerable potential for greater synergy and better use of aid resources. At the sectoral level, coordination between the Government and development partners occurs primarily through the eight sector working groups (SWGs). These groups have developed at varying rates. The groups are forums to discuss and build consensus about development priorities identified in the NSEDP6 while improving sectoral aid coordination and effectiveness as set out in the Vientiane Declaration country action plan (CAP). The CAP seeks to further strengthen government leadership in formulating and implementing key plans, programs, and capacity development frameworks. It also promotes aligning development partners' efforts with government plans and systems. The Department of International Cooperation (DIC) of the Ministry of Planning and Investments (MPI) will coordinate and monitor CAP implementation. It is recognized that CAP implementation, monitoring, reporting, and updating are challenging tasks requiring both the ongoing commitment of lead government agencies and support from development partners. The main challenges are to identify emerging key development issues, lack of capacity in DIC (particularly in DIC provincial units) and the SWG secretariats, and lack of capacity and understanding for the role of a more program-based approach to better aid coordination and effectiveness.

4. ADB has long provided support in key sectors and is therefore well-positioned to provide the proposed TA. The TA will complement this support and further enhance effectiveness and development results. The improved strategic approach to partnering and harmonization in the revised country partnership strategy guidelines provided a framework for meeting ADB's Paris Declaration commitments. An Operations Evaluation Department evaluation found that ADB's involvement in national poverty reduction strategies and local harmonization action plans has helped define its comparative advantage and clarify the rationale for its strategic partnerships.³ Further, there is greater possibility of alignment between aid agencies, including ADB, and country systems if reform is led by the countries in partnership with the aid agencies.

5. Under NSEDP6, the Government has committed to further strengthen the alignment between aid-financed public investments, the resources required to ensure their sustained operation and maintenance, and the capacities required to implement public investment effectively. The Government is leading the development partner coordination. The core coordination mechanism is the roundtable meeting process (RTP), chaired by the Government and supported by UNDP. Roundtable meetings take place every 3 years, and roundtable implementation meetings (RTIMs) are held annually. These allow high-level discussion between senior government officials and the development partners on national plans, strategies, reform initiatives, MDG progress, and resource mobilization. Consultations on specific issues among SWGs, the Government, and development partners that precede RTIMs provide complementary forums for policy discussion. Limited capacity across government agencies, however, influences the nature of discussions. To create a genuine discussion process and a key development agenda, selecting discussion topics, preparing papers, discussing arrangements, and monitoring of agreed action plans need to improve.

6. Overall aid coordination and management is the responsibility of MPI. The Ministry of Finance is responsible for negotiating and entering into agreements for ODA provided in the form of loans and grants. Line ministries are responsible for planning, coordinating, and implementing ODA in their respective sectors.

7. The CAP to implement the Vientiane Declaration was prepared by a task force and adopted by the Government and development partners at a high-level forum in May 2007. That

³ ADB. 2007. *ADB's Approaches to Partnering and Harmonization: In the Context of the Paris Declaration on Aid Effectiveness*. Manila.

forum also endorsed the idea of an aid effectiveness secretariat to oversee implementation of the CAP. The agreed indicators and targets of the CAP, which specifies 78 time-bound actions under the five principles of ownership, alignment, harmonization and simplification, managing for results, and mutual accountability, were based mainly on the Government's ODA survey baseline data. This established the benchmarks to measure progress. The CAP also identifies the responsible parties for each action. The Government has recently undertaken a CAP assessment, and a consolidated report was shared with stakeholders at the November 2008 RTIM. To effectively implement and monitor CAP progress, it is necessary to further improve the aid information management system currently focused on inputs and enhance analytical capacity of DIC units' staff at selected provincial levels.

8. In April 2006, the Government established eight SWGs with multi-development partner support in the areas of health, education, infrastructure, rural development and natural resource management, governance, macroeconomics and private sector, mine action, and drug control. These SWGs, which are chaired by the Government and cochaired by development partners, are important mechanisms for coordination and dialogue with the development partners. The two SWGs for infrastructure sector and for macroeconomics and private sector are cochaired by ADB. A review of SWGs made by DIC in May 2007 found that the SWGs' functioning is not even across sectors. In light of these findings, DIC has initiated actions to strengthen the SWGs. As an initial step, terms of reference and work plans were prepared for each SWG. Nevertheless, more systematic approaches should be developed to ensure effective aid coordination within sectors and themes. Peer-to-peer learning among SWGs on a sector-wide approach is necessary.

9. ADB maintains close cooperation and collaboration with major bilateral and other multilateral development partners in Lao PDR. ADB is a member of the United Nations country team and an active member of relevant sector and thematic working groups and the quarterly informal development partner group. It has strongly supported the roundtable process. ADB is a signatory to the Vientiane Declaration and has supported development of the CAP by participating in the high-level forum and task force. ADB supports the Government's initiative to move toward programmatic approaches in the core sectors (education, health, agriculture, and infrastructure) through a multipartner effort and coherent program of loans, grants, and TA products and services. UNDP has developed an overall aid-effectiveness framework in close coordination with the Government and development partners, including ADB, the European Commission, and the World Bank. UNDP and the Government have requested that ADB participate in the agreed framework and provide necessary assistance to strengthen the Government's capacity in selected areas to manage its ODA program.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

10. **Impact.** The TA will assist the Government to further develop its capacity to improve aid effectiveness in collaboration with the RTP.

11. **Expected Outputs and Outcomes.** The expected outcome is for the Government to exercise effective leadership in coordinating aid to be supported by three outputs: (i) a further strengthened RTP coordination process, and in particular the infrastructure and macroeconomics and private sectors; (ii) enhanced capacity of DIC units in managing aid at one to three selected provinces; and (iii) strengthened capacity of the SWG secretariats and line ministries to coordinate policy and program approaches in the infrastructure sector and the macroeconomics and private sector.

B. Methodology and Key Activities

12. The TA was prepared in close coordination with other development partners to provide parallel cofinancing for selected activities of UNDP and Luxembourg's ongoing project of Enriching the Roundtable Process for Increased Aid Effectiveness and Development Results. This TA will improve the RTP, strengthen the Government's capacity to implement the CAP, improve access to accurate and predictable ODA information, enable increased integration of ODA into national planning and budgeting, improve coordination and harmonization of development activities, and develop monitoring functions to assess the effectiveness of ODA in achieving development results and progress toward the MDGs within NSEDP. Support under the TA is part of the Government's larger agenda on improving aid effectiveness. That agenda includes implementation of the Vientiane Declaration with a focus on aid-effectiveness reforms and support for more programmatic and sector-based assistance. The TA will build capacity of selected institutions (while considering staff turnover) that play catalytic roles in leading the Government's efforts to improve the use of ODA. Capacity building will employ a process approach in which tasks are planned and executed by a team consisting of officials responsible for aid management in participating implementing agencies and TA-supported advisors. In many instances, additional support will be provided by other development partners. The approaches identified will be pilot tested, and a combination of guidelines, seminars, and training programs (involving the counterpart officers as trainers) will be used to build awareness and scale up improved aid-effectiveness initiatives.

13. The TA's key activities will include (i) providing input to the Government for preparing the next NSEDP; (ii) identifying emerging key development issues in the infrastructure sector and macroeconomics and private sector for RTP discussion in close coordination with MPI, the Ministry of Public Works and Transport (MPWT), and key development partners; (iii) supporting and building capacity of MPI and MPWT to prepare discussion papers on key issues in the infrastructure sector and macroeconomics and private sector; (iv) supporting DIC to prepare a plan and build capacity of Department of Planning and Cooperation, MPWT, and DIC provincial units in one to three selected provinces to strengthen development partner coordination; (v) training DIC units' staff at selected provincial levels, consistent with the RTP and based on a capacity building strategy focusing not only at the individual level but also at the institutional level and which includes mentoring; (vi) developing manuals and training the SWG secretariats for aid effectiveness in the infrastructure sector and macroeconomics and private sector; (vii) developing manuals and training line ministries to strengthen development partner coordination and develop a program-based approach in the infrastructure sector and macroeconomics and private sector; and (viii) hosting strategic consultations on sector-specific issues to foster and facilitate cross-ministry (and/or cross-agency) and cross-development partner cooperation in implementing agreed aid-effectiveness reforms.

C. Cost and Financing

14. The TA is estimated to cost \$700,000 equivalent. The Government has requested ADB to finance \$600,000 equivalent. The TA will be financed on a grant basis from ADB's technical assistance funding program. The Government will finance the balance of the cost, equivalent to \$100,000, through the provision of counterpart personnel, office spaces, resource center spaces, necessary equipment and facilities for counterpart staff, administrative and logistic support, and other related services. The fact-finding mission was assured by the Government that the counterpart services, facilities, and funds will be available as required for the implementation schedule. Details of the cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

15. TA implementation will last 24 months, from December 2008 to November 2010. The DIC will be the Executing Agency for the TA, but administration of the TA will remain with ADB. The TA will be implemented in close coordination with various departments of MPI, MPWT, and the External Financial Relations Department of the Ministry of Finance, as well as with UNDP and Luxembourg's ongoing project of Enriching the Roundtable Process for Increased Aid Effectiveness and Development Results. The TA will be located in DIC, but consultants will also work in MPWT. DIC's Director General will provide oversight, monitor and guide implementation of the TA, and resolve issues that may arise in the implementation of the TA. DIC will report on and disseminate the results of the TA. In that the TA is implemented as a cofinanced project in parallel with the foregoing UNDP- and Luxembourg-financed support, and in that the activities of this TA also support the concurrent outputs of similar initiatives of other development partners and the Government's own efforts, the DIC reporting on enhanced aid effectiveness will be in consolidated quarterly reports and an annual report. Final responsibility for the support to consolidate DIC reports rests with the UNDP and Luxembourg project. In addition, the TA consultants will prepare reports to ADB on their assignment in accordance with terms of reference. As the chair of the CAP secretariat, DIC is leading implementation of the CAP on aid effectiveness and guides and oversees the activities of the SWGs comprised of government officials from the relevant ministries.

16. To achieve TA outcomes a firm will be recruited, following the quality- and cost-based selection method after submission of a simplified technical proposal, to provide 10 person-months of international and 24 person-months of national consulting services (Appendix 3) in the form of (i) 1 international aid-effectiveness expert and team leader (8 person-months intermittently); (ii) 1 national aid management expert and deputy team leader (14 person-months intermittently); and (iii) 1 national capacity development expert (8 person-months intermittently). In addition, a number of resource persons (in total 2 person-months of international consultants and 2 person-months of national consultants) will be engaged to support capacity building and training, support preparation of discussion papers on key emerging issues, and discuss findings at forums, seminars, and workshops. The consultant firm will be engaged by ADB in accordance with *Guidelines on the Use of Consultants* (2007, as amended from time to time). Selection of the consultant firm will be done by a committee with representatives from ADB and the Government.

17. Equipment (3 desktop computers with printers, 3 notebook computers, 1 scanner, 1 photocopier, 6 air-conditioners, 8 mobile phones, and office furniture), transport (air and rented vehicle), and materials to be financed by the TA will be procured using the shopping method and in accordance with ADB's *Procurement Guidelines* (February 2007, as amended from time to time). At the end of the TA, the procured equipment will be turned over to the relevant government agency using it.

IV. THE PRESIDENT'S DECISION

18. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$600,000 on a grant basis to the Government of the Lao People's Democratic Republic for Capacity Strengthening for Enhancing Aid Effectiveness, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p>Impact Improved aid effectiveness</p>	<p>(i) Alignment with principles of the Vientiane Declaration on Aid Effectiveness and CAP, (ii) 33% of ODA delivered through program-based approaches by fiscal year 2011, (iii) 85% of ODA recorded in the national budget by fiscal year 2011, and (iv) gap between development partner's disbursed ODA and that recorded by Government as disbursed reduced to 15% by fiscal year 2011</p>	<ul style="list-style-type: none"> • Annual review meetings • DIC reports • Reports from roundtable implementation meetings • CAP monitoring reports • National budgets 	<p>Assumption</p> <ul style="list-style-type: none"> • Continued commitment from the Government and development partners • Baselines established and agreed
<p>Outcome Government exercises effective leadership in coordinating aid.</p>	<p>(i) DIC functions effectively to lead cross-ministry aid utilization reform effort, and (ii) implementation of the CAP by fiscal year 2011</p>	<ul style="list-style-type: none"> • DIC reports • Reports from roundtable implementation meetings • CAP monitoring reports • Development partner survey 	<p>Assumption</p> <ul style="list-style-type: none"> • Continued openness of the Government and development partners in sharing data and information <p>Risk</p> <ul style="list-style-type: none"> • Sustainability of capacity building efforts
<p>Outputs 1. Further strengthened RTP coordination process, in particular for the infrastructure sector and macroeconomics and private sector 2. Enhanced capacity of DIC units at one to three selected provinces in</p>	<p>1a. Discussion topics selected and papers prepared for SWG and/or RTP, and discussion arrangements improved leading to agreed action plans following SWG and/or RTP. 1b. Aid-effectiveness indicators system</p>	<ul style="list-style-type: none"> • DIC reports • Reports from roundtable implementation meetings • CAP monitoring reports • SWG reports 	<p>Assumption</p> <ul style="list-style-type: none"> • Continued commitment from participating ministries and provincial governments <p>Risk</p> <ul style="list-style-type: none"> • Staff turnover may decrease impact of capacity building efforts.

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p>managing aid</p> <p>3. Strengthened capacity of the SWG secretariats and line ministries to coordinate policy and program approaches in infrastructure sector and macroeconomics and private sector</p>	<p>launched by 2009.</p> <p>2a. Aid coordination units in selected provinces established and operable by 2009.</p> <p>2b. All selected provinces will have capacity building strategies for their DICs.</p> <p>3. Frameworks (including monitorable actions and a time frame) for preparing sector programs by fiscal year 2010.</p>		
<p>Activities with Milestones</p> <p>1.1. Emerging key development issues in infrastructure sector and macro-economic and private sector identified in close coordination with the Government and key development partners by December 2009 for RTP discussion.</p> <p>1.2. Discussion papers on key issues in infrastructure sector and macro-economic and private sector prepared (continuous).</p> <p>2.1. Aid-effectiveness units established or strengthened at Ministry of Planning and Investments representations in selected provinces by December 2009.</p> <p>2.2. Plan to build capacity of DIC units at selected provinces prepared by December 2009.</p> <p>2.4. Training imparted to, and capacity built of, DIC and staff concerned at the provincial level by October 2010.</p> <p>3.1. Areas and training material for capacity building of SWG for infrastructure sector and macro-economic and private sector developed by December 2009.</p> <p>3.2. Capacity strengthening to develop program-based approach in key sectors (health, education, infrastructure, and agriculture) prepared by December 2009.</p> <p>3.3. Training imparted to SWG secretariats and concerned staff of line ministries by October 2010.</p>		<p>Inputs</p> <p>ADB</p> <ul style="list-style-type: none"> • Consultants, 10 person-months of international and 24 person-months of national consultant input, \$410,000 • Equipment, \$50,000 • Training, seminars, and conferences, \$45,000 • Surveys, \$5,000 • Administration and support, \$35,000 • Contingencies, \$55,000 <p>Government (in-kind)</p> <ul style="list-style-type: none"> • Office accommodation, \$40,000 • Counterpart staff, \$50,000 • Others, \$10,000 	

ADB = Asian Development Bank, CAP = country action plan, DIC = Department of International Cooperation, ODA = official development assistance, RTP = roundtable meeting process, SWG = sector working group.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. Asian Development Bank Financing^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants (10 person-months)	220
ii. Domestic Consultants (24 person-months)	100
b. International and Local Travel (including vehicle rental) ^b	70
c. Reports and Communications	20
2. Equipment ^c	50
3. Training, Seminars, and Conferences	45
4. Surveys	5
5. Miscellaneous Administration and Support Costs ^d	35
6. Contingencies	55
Subtotal (A)	600
B. Government Financing (in-kind)	
1. Office Accommodation (for counterparts and TA)	40
2. Remuneration and Per Diem of Counterpart Staff	50
3. Others	10
Subtotal (B)	100
Total	700

^a Financed by the Asian Development Bank's technical assistance funding program.

^b Three international return air tickets, 20 domestic air tickets, rent of 1 vehicle for 24 months.

^c Three desktop computers with printers, 3 notebook computers, 1 scanner, 1 photocopier, 6 air-conditioners, 8 mobile phones, and office furniture.

^d Translation services, administrator-secretary, driver, fuel, and office consumables, etc.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. Aid management, along with reform of the aid utilization process, is a responsibility presently shared by the Ministry of Foreign Affairs, Ministry of Planning and Investments (MPI), and Ministry of Finance, as well as by the planning cells and international relations departments of the various line ministries and provinces. Development partners play a major role in the coordination and reform of external assistance through the roundtable meeting process (RTP) (led by the Government and supported by the United Nations Development Programme [UNDP] and Luxembourg); government-led sector working groups (SWGs); the Joint Portfolio Effectiveness Review (of the Asian Development Bank [ADB], World Bank, and Swedish International Development Cooperation Agency); assistance provided for national planning; as well as support for the preparation and tracking of the national poverty reduction strategy (a poverty reduction support operation) and for meeting the Millennium Development Goals.

2. The recruitment of a consultant firm to provide international consultants (10 person-months) and national consultants (24 person-months) for the advisory technical assistance (TA) is envisaged. This includes a number of resource persons, totaling 2 person-months of international consultants and 2 person-months of national consultants. The resource persons will support capacity building and training, as well as prepare discussion papers for key emerging issues and discuss findings at forums, seminars, and workshops.

3. **Core Aid-Effectiveness Processes.** The design, implementation, and effective utilization of external assistance depend on a number of core aid-effectiveness processes, listed below in Box A3. This TA would concentrate on helping to build capacity in a number of these areas, and those that will be assisted are marked accordingly:

Box A3: Principal Aid-Effectiveness Functions in Government

- National planning (National Socio-Economic Development Plan and Public Investment Program)^a
- Sector Assistance Program Planning^a
- Local Government Investment Planning
- National Aid Coordination
- Sector Aid Coordination^a
- Provincial Aid Coordination^a
- Aid Policy Reform^a
- Aid Policy Reform Tracking
- Aid Information and Reporting Systems
- Aid Program Evaluation^a
- Project and Program Design
- Project and Program Implementation
- Project and Program Monitoring
- Project and Program Evaluation

^a These functions will be assisted under the technical assistance.
Source: Asian Development Bank.

4. Other development partners are providing assistance to strengthen capacity in areas such as national and provincial planning, project development, and national aid coordination. ADB assistance will complement these ongoing initiatives.

5. **Building Better Aid Utilization Processes.** The TA will aim to develop improved aid management processes that can build the capacity of the several organizations involved in setting aid policy and managing the reform of external assistance.

6. Detailed terms of reference for the team leader and aid-effectiveness specialist (8 person-months, intermittently) include the following:

- (i) Supervise the work program of the consultants.
- (ii) In close consultation with the director general of DIC, prepare within 1 month of start-up an inception report detailing the main tasks to be completed and a set of milestones.
- (iii) Prepare and submit for review by the director general of DIC interim reports on progress in the TA by the end of each quarter. The reports will also be distributed to ADB and other development partners involved in improving aid effectiveness.
- (iv) Prepare a draft final report on progress in the advisory TA for the director general of DIC by the end of the second quarter of 2010 and a final report before closure of the TA. The reports will also be distributed to ADB and to other development partners involved in improving aid effectiveness.
- (v) Provide input to the process of preparing the next National Socio-Economic Development Plan.
- (vi) Building on various available documents, develop guidelines and manuals for aid-effectiveness and sector planning for MPI and the Ministry of Public Works and Transport.
- (vii) Host strategic consultations to foster and facilitate cross-ministry and/or cross-agency and cross-development partner cooperation in implementing agreed aid-effectiveness reforms.
- (viii) In close coordination with the Government and key development partners, identify emerging key development issues in selected sectors for RTP discussion.
- (ix) Support and build capacity of the Government to prepare papers on key issues for discussion at forums, workshops, and seminars leading to RTP.
- (x) Support establishment and strengthening of operations in departments of planning and investment and in DIC units in selected provinces.
- (xi) Prepare a plan, manual, and guidelines for building capacity of, and mentoring to, departments of planning and investment and DIC units in selected provinces.
- (xii) Prepare a plan and build capacity of SWG secretariats for the infrastructure sector as well as for the macroeconomics and private sector.
- (xiii) Actively support and participate in all training activities.
- (xiv) Develop training material and train related line ministries to strengthen capacity for developing a program-based approach.
- (xv) Assist the Government to provide aid-effectiveness workshops and training sessions aimed at lesson-sharing, information exchange across government agencies, and consensus building.
- (xvi) Prepare brief monthly, quarterly, and annual reports; a midterm report; plus draft final and final reports.
- (xvii) Assist DIC as may be required to prepare and distribute quarterly reports and an annual report on progress in improving aid effectiveness.
- (xviii) Be responsible for the deliverables under the TA and for maintaining close coordination between ADB and the UNDP consultant team.

7. The aid-effectiveness specialist will have extensive experience in institutional reform, development planning, and results-based aid assessment and evaluation. The specialist should have relevant background that includes extensive experience in assisting government institutions to design, implement, and manage sector-wide external aid programs. The

consultant should have past working experience in Lao PDR and be familiar with the institutional arrangements governing use of external resources in the country. Also required are abilities to establish task forces and work effectively in interministerial groups, to partner effectively with other development partners and stakeholders in supporting measures aimed at improving aid effectiveness, and to report effectively in strategic consultations and in written reports.

8. Detailed terms of reference for the aid management expert and deputy team leader (14 person-months, intermittently) include the following:

- (i) In absence of the team leader, supervise the work program of the consultants.
- (ii) Support preparation of an inception report within 1 month of start-up detailing the main tasks to be completed and a set of milestones.
- (iii) Support preparation of (or in the absence of the team leader prepare) and submit for review by the director general of DIC interim reports on progress in the advisory TA by the end of each quarter. The reports will also be distributed to ADB and other development partners involved in improving aid effectiveness.
- (iv) Support preparation of a draft final report on progress in the advisory TA for the director general of DIC by the end of the second quarter of 2010 and a final report before closure of the TA. The reports will also be distributed to ADB and to other development partners involved in improving aid effectiveness.
- (v) Provide input to the process of preparing the next National Socio-Economic Development Plan.
- (vi) Support operations of the aid-effectiveness secretariat at DIC.
- (vii) Building on various available documents, support development of guidelines and manuals for aid-effectiveness and sector planning.
- (viii) Host strategic consultations to foster and facilitate cross-ministry and/or cross-agency and cross-development partner cooperation in implementing agreed aid-effectiveness reforms.
- (ix) In close coordination with the Government and key development partners, identify emerging key development issues for RTP discussion.
- (x) Support and build capacity of the Government to prepare papers on key issues for discussion at forums, workshops, and seminars leading to RTP.
- (xi) Support establishment and strengthening of operations in departments of planning and investment and in DIC units in selected provinces.
- (xii) Support preparation of a plan, manuals, and guidelines for building capacity of MPI representations in selected provinces.
- (xiii) Support preparation of a plan and build capacity of SWG secretariats for the infrastructure sector as well as for the macroeconomics and private sector.
- (xiv) Develop training material and train related line ministries to strengthen capacity for developing a program-based approach.
- (xv) Assist the Government to provide aid-effectiveness workshops and training sessions aimed at lesson-sharing, information exchange across government agencies, and consensus building.
- (xvi) Actively support and participate in all training activities.
- (xvii) Assist DIC as may be required to prepare and distribute quarterly reports and an annual report on progress registered in aid effectiveness.
- (xviii) Support the team leader in preparing (or in his or her absence prepare) brief monthly, quarterly, and annual reports; a midterm report; plus draft final and final reports.
- (xix) In the absence of the team leader, be responsible for the deliverables under the TA and for maintaining close coordination between ADB and the UNDP consultant team.

- (xx) Identify, establish, and equip offices for the TA.
- (xxi) Recruit support staff and resource persons, plus secure transportation and a driver for the TA.

9. The aid management expert will be a national expert with 10 years of previous experience in planning and the utilization of foreign assistance. The consultant should be intimately familiar with the aid-effectiveness reform agenda, sector-wide planning, and results-based sector monitoring systems. Other requirements include (i) demonstrated experience in monitoring system development, (ii) use of monitoring information as inputs to a decision support system, (iii) familiarity with incorporating benchmarking information into monitoring protocols, (iv) ability to impart training and report effectively, and (v) experience in using information systems in project management.

10. Detailed terms of reference for the national capacity development expert (8 person-months) include the following:

- (i) Support and build capacity of the Government to prepare needs assessment and develop capacity development plans for MPI representations at provincial levels.
- (ii) Develop training material and train concerned staff at the provincial level.
- (iii) Support and build capacity of the Government to prepare assessment and develop a capacity building plan for the infrastructure sector and the macroeconomics and private sector SWGs and for the concerned planning units of the line ministries.
- (iv) Train infrastructure sector and macroeconomics and private sector secretariats of SWGs and concerned planning units of the line ministries.
- (v) Develop training material, as well as support and build capacity of the Government, to prepare plans for strengthening capacity to develop a program-based approach in the aforementioned sectors.
- (vi) Train concerned units of the line ministries on the program-based approach.
- (vii) Evaluate training and prepare reports at regular intervals, then reflect the result of those reports in monthly and quarterly TA reports and the DIC's reports.
- (viii) Provide input to all TA reports.

11. The national capacity development expert should be a senior-level expert with a minimum 10 years of overall experience, including substantial experience in institutional development and capacity development of government organizations. A degree in a relevant field, such as public administration or public management, is required. The expert must have an excellent command of both written and spoken English, be able to independently use MS Word and MS Excel, and have the required cross-cultural skills for interacting with, and presenting capacity and institutional development recommendations to, decision makers at department level.