



Foreign Aid Implementation Report (FAIR)

“2017 Semi-Annual Progress and 2018 Estimation”

Ministry of Planning and Investment (MPI)
DEPARTMENT OF INTERNATIONAL COOPERATION (DIC)

Toward Effective Development Cooperation

Foreword

The Foreign Aid Implementation Report (FAIR) aims to provide a snapshot of the implementation of Official Development Assistance (ODA) to Lao PDR by Development Partners on an annual basis. Continuous monitoring and reporting of ODA is an important task to facilitating better alignment and harmonization of supports for the achievement of Lao national development goals and objectives with the framework of our 8th National Socio-Economic Development Plan (8th NSEDP 2016-2020).

FAIR is an important report prepared by Department of International Cooperation/Ministry of Planning and Investment to provide necessary data and information in tracking progress toward national and global principles of partnerships for effective development cooperation. This year report is a first attempt to highlight ODA figures in a new Lao calendar year, moving from typical Fiscal to a new Gregorian calendar.

ODA reporting, particularly, data collection and validation processes, is a collaboration with the Government and DPs. Taking into consideration of experience so far on ODA reporting, the Government has taken further steps to develop a national database recording ODA information which will be user friendly and contain detail of project/program interventions.

With facing issues on data quality and in-availability of data for the whole year, this FAIR intends to report on the first six-month of ODA figures. Later on, ODA data for 2016 will be populated to provide evidence-based analysis of trends and patterns of development cooperation in the country. This is important as a base year for the 8th NSEDP (2016-2020).

Reporting on effective development cooperation in Lao PDR has been a result of strong collaboration between the Government of Lao PDR and Development Partners. On behalf of the Government and Ministry of Planning and Investment would like to express our gratitude and appreciation for continuous support and enhanced cooperation, as well as efforts that have been put together to strengthen mutual accountability, alignment, predictability, and transparency.

H.E Dr. Kileo CHANTHABOULY



Deputy Minister

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Acknowledgement

It is a great pleasure to express our thank you and gratitude to national counterparts and Development Partners who devote themselves to provide information and data, despite their busy schedules, on ODA and other requests based on template provided. Your information is essentially valuable for the FAIR analysis. This set data is the key success of FAIR each period. We also kindly look forward to the endless well cooperation with your organizations.

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List of Acronyms

- AMP- Aid Management Platform
- DFA- Data Focal point Agent
- DP- Development Partner
- FAIR- Foreign Aid Implement Report
- LDC- Least Development Country
- NSEDP- National Social Economic Development Plan
- ODA- Official Development Assistance
- SDGs- Sustainable Development Goals
- SWGs- Sector Working Groups
- UXO- Unexploded Ordnance
- VDCAP – Vientiane Declaration Country Action Plan

I. Introduction

Given the complexity and diversity of sources of development finance and dynamically changing development cooperation landscape, Lao PDR has found value in galvanizing its efforts to improve and adjust laws, policies and partnership mechanisms at all levels to reflect the current reality. The increasing focus on greater and more inclusive partnerships, bringing on board private sector, partners from the region, civil society and others represent something of a breakthrough. One of the major outcomes of the 12th HL RTM 2015 was unanimous endorsement by all participants of the Vientiane Declaration on Partnership for Effective Development Cooperation (The Vientiane Partnership Declaration). This signaled a shift from traditional ODA towards greater partnerships, and towards a more comprehensive and inclusive range of development financing and resourcing options. Since the adoption of the Vientiane Partnership Declaration, a number of key activities have been carried out in 2016 and 2017.

To guide implementation of the eight principles of the Vientiane Declaration and for strategic monitoring and reporting, the Government and its partners have been developing a Country Action Plan (CAP 2016-2025). This VDCAP (2016-2025) is an important document for stakeholders at all levels as it outlines 14 focused action areas needed to achieve effective development cooperation, which in turn will help accelerate the 8th NSEDP and SDG implementation. At the same time, the Government is currently in the process of revising the Prime Minister Decree No. 75 on ODA management in accordance to changes of authority arrangements. A framework for this revision is for effective management, monitoring and reporting on impacts of different sources of development finance. Furthermore, it has also been valuable to work towards a more integrated and coherent approach to managing various sources of development finance. A recent conducted Development Finance and Aid Assessment (DFAA) in Lao PDR provides important evidence and analysis to begin to work towards an Integrated National Financing Framework (INFF).

ODA and more traditional development cooperation provides crucial support and remains important to address national development priorities, including the graduation from LDC status and the achievement of the Sustainable Development Goals. The structured partnership mechanism ‘the Round Table Process’ has greatly contributed to development effectiveness, especially promoting greater national ownership, partners’ alignment with national priorities/goals and better harmonization among various partners. Given the changing landscape of development finance and the need for strong partnerships which are essential for policy dialogue and which underpin systemic change, Lao PDR is at an important juncture in terms of enhancing its existing partnership mechanisms at all levels.

With strong and continuous commitments by both Government and Development Partners, improving mutual accountability through systematic report of ODA implementation is one of important action area highlighted in recent VDCAP. Therefore, the reporting of ODA implementation is another important document producing annually. However, with current changes, particularly the change of fiscal year reporting to Gregorian calendar year, some data produced and reported previously cannot be used for comparable, which should have verified. In order to overcome such issue, reporting of semi-annual progress of ODA will be highlighted in this FAIR, which later on the data of 2016 will be populated and verified in next issue of FAIR.

Together with the process of reviewing the Prime Minister Decree No. 75 on the management and utilization of Official Development Assistance (ODA), MPI is now developing an online database for ODA Management Information System (ODA-mis.gov.la) that will ease and streamline the tracking, monitoring and tracking of ODA project implementation. The system will be online from 2018 with series of training all project managers. Once fully operate, ODA data will be more accurate and timely available.

This report will comprise of four parts: Part One on Scope, Purposes, Methodologies; Part Two on Semi Annual Progress of ODA Implementation in 2017; and Part Three on Resources to be mobilized for 2018; and Part Four on Conclusion and Recommendations.

1.1. Scopes

The Semi Annual Foreign Aid Implementation Report 2017 (Semi-annual FAIR 2017) covers information on ODA projects, programs and activities implementing in Laos PDR. In addition, it contains 2017 ODA Plan disbursement and the estimation for 2018. It is expected that this report standardizes the utilization its structure for the further FAIRs till 2020 consecutively.

1.2. Purposes

The purpose of this report was to provide aid data for the first six months of 2017 including its plan for the year, and estimation for 2018 in the country as provided by development partners. An attempt is also made on how much contribution and investment of Official Development Assistance categorized by donor groups, and Sector Working Groups (SWGs). One of challenges for the preparation of this FAIR is a supply of timely and accurate data.

1.3. Methodologies and Limitations

To be more effective in data analysis, receiving more accurate and adequate data from related stakeholders is essential. Hence, semi-annual 2017 FAIR has been created based on the information requested and executed from the own ODA monitoring system by DPs. When year 2017 is the time of shifting fiscal financial year to calendar year, information requested template has focused on the ability and availability of DPs' internal system.

A list of recommended data as well as an invitation letter were sent to Development Partners on behalf of the Department of International Cooperation through mailing and emailing and direct calling while the flexibility of data provision according to existing data is given. Data received from Development Partners was mainly formatted in MS Excel Spreadsheets that would suit our requirement. Before the time given for dateline of information request submission, sixteen DPs responded on providing data. The valuable data will support the analysis of the country's ODA monitoring tool as well as generation of ODA reports for the country.

Limitations of the FAIR 2017 includes baseline for data comparison, especially data of ODA in 2016. Data reported in FAIR 2016, did not include the last three month expenditure, but included the dataset of last three months of 2015 to comprise of dataset for fiscal year 2015/2016. It is therefore at this stage data of 2017 (first six months) have no base for comparison. Therefore the comparison will be based on actual and planned disbursement. With time challenges for data collection, verifying quality of data is a challenges, where manual data entry and provision can cause missing data and data errors. Intended data for the FAIR could not be collected comprehensively

due to the availability of data in agencies as well as differences in data monitoring systems. When year of 2017 financial year has started from 1st January to 31st December, annual financial disbursement report cannot successfully perform. Additionally, there was some changes in DFAs who coordinate and provide the data directly between organizations, requested data need extra times to manipulate and double check within organizations. Therefore only 16 of 38 development partners submitted the data. From this consequence, data is not fully usable for an effective analysis.

II. Semi-Annual Progress of ODA Implementation 2017

2.1. Semi-Annual Actual Disbursement versus Plan Disbursement

Though there was request ODA information from a total of 38 Development Partners, as aforementioned, there are only 16 responded. Hence, data for ODA implementation for the first six months will be based on other secondary dataset from ODA management system of Ministry of Finance, and another from Ministry of Planning and Investment, Department of International Cooperation (DIC). However, valuable information from those 16 active development partners will be analyzed more on its estimation cost 2018 in the next part.

Table 1 First six months actual disbursement vs plan disbursement 2017

No.	DP	Planned 2017			Actual 6 months			% of Disbursement
		Total	Grant	Loan	Total	Grant	Loan	
1	ADB	135,567,200.00	64,523,000.00	71,044,200.00	26,721,497.78	15,123,328.73	11,598,169.05	19.7%
2	Austria	21,454,000.00		21,454,000.00	22,179,221.17		22,179,221.17	103.4%
3	CHINA	424,911,200.00		424,911,200.00	198,091,193.36		198,091,193.36	46.6%
4	EDCF	22,582,600.00		22,582,600.00	12,030,592.45		12,030,592.45	53.3%
5	EU	2,048,371.75	2,048,371.75		737,602.74	737,602.74		36.0%
6	France	741,630.11	741,630.11		282,673.49	282,673.49		38.1%
7	GEF	495,170.70	495,170.70		265,106.95	265,106.95		53.5%
8	Germany	17,664,739.93	17,664,739.93		5,100,760.56	5,100,760.56		28.9%
9	Hungary	4,500,000.00		4,500,000.00	2,969,804.00		2,969,804.00	66.0%
10	IFAD	17,235,000.00	15,935,000.00	1,300,000.00	3,728,751.80	3,728,751.80		21.6%
11	INDIA	14,073,000.00		14,073,000.00	336,810.80		336,810.80	2.4%
12	Japan	70,895,001.74	14,409,001.74	56,486,000.00	13,130,859.16	5,303,891.89	7,826,967.27	18.5%
13	KFW	26,319,000.00	15,957,000.00	10,362,000.00	2,190,434.04	2,190,434.04		8.3%
14	Korea	4,960,856.00	4,960,856.00		337,325.44	337,325.44		6.8%
15	KUWAIT	6,862,000.00		6,862,000.00	2,628,666.28		2,628,666.28	38.3%
16	NEDA	120,130,000.00	14,250,000.00	105,880,000.00	31,223,702.39	1,824,647.67	29,399,054.73	26.0%
17	New Zealand	1,115,042.67	1,115,042.67		465,095.38	465,095.38		41.7%
18	OFID	5,400,000.00		5,400,000.00	2,167,719.11		2,167,719.11	40.1%
19	Switzerland	4,598,887.76	4,598,887.76		1,743,849.66	1,743,849.66		37.9%
20	UNCDF	1,200,000.00	1,200,000.00		-	-		0.0%
21	UNDP	163,570.59	163,570.59		106,087.48	106,087.48		64.9%
22	USA	3,172,475.17	3,172,475.17		2,936,308.00	2,936,308.00		92.6%
23	Vietnam	1,250,000.00	1,250,000.00		88,304.44	88,304.44		7.1%
24	World Bank	72,480,000.00	52,835,000.00	19,645,000.00	37,166,596.70	21,832,900.96	15,333,695.74	51.3%
	Sub Total	979,819,746.43	215,319,746.43	764,500,000.00	366,628,963.19	62,067,069.23	304,561,893.96	37.4%
	Total			979,819,746.43			366,628,963.19	37.6%*
	* average							

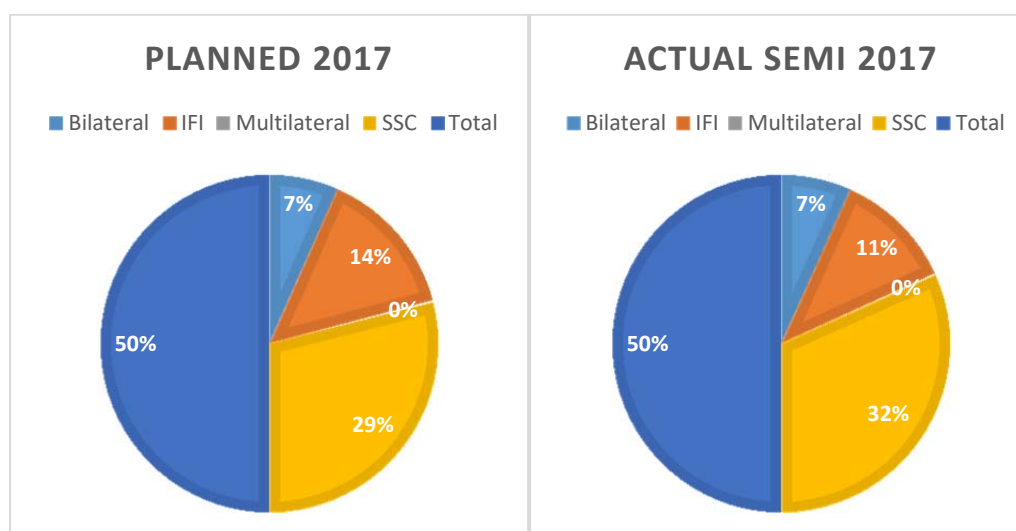
Table above illustrates the comparison of the actual financial performance of semi-annual 2017 of 24 organizations in Lao PDR. Overall, it can be seen that actual disbursement of semi-annual 2017 is USD 366 million which is about 37 percent of the whole year plan that has been set. This means that there should be more attention to accelerate disbursement of the commitment by the end of the year. An important point to note is that only Austria's actual disbursement in the first half of this year is already exceed its planned budget when compare to the whole year plan. However, it is noticeable that many DPs disbursement ratio is lower than 50 percent, which could be the issue of data discrepancy and availability of data at the time of reporting.

2.2. Disbursement by Type of Cooperation

Table 2 Comparison of Planned and Actual Disbursement by Type of Cooperation

Type	Planned 2017	Actual Semi 2017	% of Disbursement
Bilateral	129,102,633.38	49,145,896.87	38.1%
IFI	279,583,800.00	84,005,591.88	30.0%
Multilateral	3,907,113.05	1,108,797.17	28.4%
SSC	567,226,200.00	232,368,677.27	41.0%
Total	979,819,746.43	366,628,963.19	37.4%

Figure 1 Percentage of Disbursement by Type of Cooperation



Information from above table and figure are illuminating about the comparison of cooperation among Bilateral, International Financial Institutes (IFI), Multilateral, and South-South development partners.

Overall it can be seen that SSC is sharing the most of amount of actual disbursement with more than 230 million USD equivalent to about 41 per cent compared to the whole year plan, follow by bilateral, IFI and multilateral respectively. This means that trend of financial aid to Laos, arguably, will be more from the emerging donor countries in the same region.

It is also noticeable that while SSC contributed 32 per cent of actual semi 2017, in planned 2017 shared 29 per cent which imply that SSC partners may be more relaxing on terms of disbursement. Additionally, IFI was able to disburse during the first six months 14 per cent while whole year planned estimated to have 14 per cent. However, the rest proportions held the same size. Although the report is showing the level of regional cooperation that being on a rise, this

cooperation is not equivalent to traditional ODA. A more precaution interpretation will be needed and more in-depth analysts shall be followed in the next issue of FAIR.

III. Resources Needed For 2018

3.1. Estimation ODA Requirement for 2018

LDC graduation is main objective of the 8th NSEDP. 2017 is second year for Lao PDR has implementing its 8th NSEDP, there are numbers of important initiatives, measures and activities to implement and prepare for next coming year. 2018 will be an important year to review Lao PDR's position across three LDC criteria to determine the country eligibility for gradation by 2020s. By pay attention to annual NSEDP in 2018, the total investment requires 42,145 billion kip which will be funded from four major sources such as Domestic, Foreign Direct Investment, Official Development Assistance and Banking/Credit. For the requirement of ODA in 2018, it is estimated to be approximately 8,052 billion kip, equivalent 19.17 per cent of total investment. However, the estimation of ODA to be disbursed for 2018, which has been calculated by line ministries, equivalent agencies and provincials, is around 6.752 billion kip (estimated period up until October 2017 with exchange rate of 8,300 kip per USD).

The following table highlights that about 11 percent of ODA needed are implementing at the provincial level, which indicates that more of ODA projects needed for provincial and local activities. The table also illustrates that projects at the provincial level are small and scattered as there are more than 400 projects implementing at provincial levels. Among line ministries, top three ministries that utilized more of ODA including Ministries of Education and Sport, Health and Transport and Public Work. Similarly, top four provinces for the ODA utilization are: Luang Namtha, Xieng Khouang, Savannakhet and Saravanh Provinces.

Contributing to the ODA funded projects and programmes, line ministries as well as provincial authorities have requested Government to allocate national budget for certainly activities, which current estimated to be around 3.3 percent of needed ODA funded budget of individual project and programme.

With this preliminary data, there is a need to pay more attention as current data may consist of discrepancy and there is a need for another round of data collection in order to analyze deeply the impact of ODA on sectoral development.

Table 3 Estimation of ODA Disbursement Plan for 2018 by line ministries/Agencies and Provinces

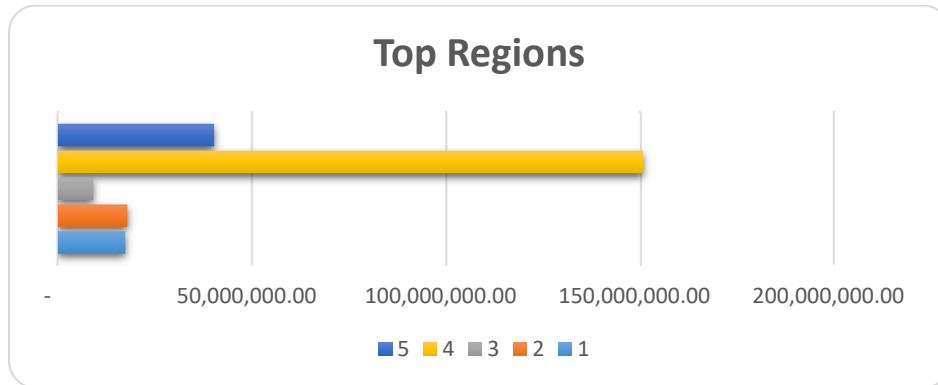
Estimation of ODA Disbursement Plan for 2018 by Line Ministries/ Agencies and Provincials							
No	Line Ministries/Provincials	Project No	Total In \$	Estimate disbursement plan for 2018		Total	Remark
				Domestic fund	ODA fund		
				Unit: million USD\$			
Total = A+B		591	770.18	217,323	6,535,586	6,752,909	
A	Line Ministries	185	685.02	121,669	5,685,655	5,807,324	
1	Ministry of Planning and Investment	5	7.61	-	63,163	63,163	
2	Ministry of Finance	0	-	-	-	-	
3	Ministry of Foreign Affairs	0	-	-	-	-	
4	Ministry of Education & Sports	15	192.54	1,049.23	1,598,089	1,599,138	
5	Ministry of Agriculture and Forestry	52	33.58	13,834.05	278,702	292,536	
6	Ministry of Health	0	83.37	-	691,985.60	691,986	
7	Ministry of Post and Tele-Communication	6	34.50	-	286,338	286,338	
8	Ministry of Industrial and Commerce	2	8.15	-	67,645	67,645	
9	Ministry of Energy and Mines	5	12.71	-	105,467	105,467	
10	Ministry of Information, Culture and Tourism	4	19.56	1,386.81	162,327	163,714	
11	Ministry of Home Affairs	5	7.84	-	65,082	65,082	
12	Ministry of Public Security	14	29.48	53,120.00	244,688	297,808	
13	Ministry of Public Work and Transportation	39	225.28	51,778.42	1,869,832	1,921,611	
14	Ministry of Labour and Social Welfare	5	15.45	-	128,257	128,257	
15	Ministry of Natural Resources and Environment	29	10.14	500.00	84,134	84,634	
16	Ministry of Justice	1	0.21	-	1,714	1,714	
17	The Bank of Lao PDR	2	3.11	-	25,781	25,781	
18	Lao Women Union	0	-	-	-	-	
19	People's Prosecutor Supreme	0	-	-	-	-	
20	People's High Supreme Court	0	-	-	-	-	
21	Lao Trade Union	0	-	-	-	-	
22	Lao Youth Revolution Union	1	1.50	-	12,450	12,450	
B	Provincials	406	85.17	95,654	849,931	945,585	
1	Vientiane Capital	17	-	2,630.00	-	2,630	
2	Bokeo province	27	1.37	5,040.000	11,349	16,389	
3	Oudomxay province	57	6.35	1,743.74	52,679	54,423	
4	Louangthamtha province	6	27.98	6,582.94	232,237	238,820	
5	Louang Prabang province	5	7.93	7,149.32	65,849	72,999	
6	Xieng Khuang province	7	11.08	767.75	91,964	92,732	
7	Bolikhambay province	31	1.32	1,510.53	10,920	12,431	
8	Khammouane province	5	1.61	1,430.88	13,334	14,765	
9	Sayabouly province	25	4.40	1,719.29	36,561	38,280	
10	Huaphane province	6	0.62	0.001	5,175	5,175	
11	Phongsaly province	1	0.40	-	3,320	3,320	
12	Xaysomboune province	3	0.68	-	5,649	5,649	
13	Vientiane province	7	3.80	-	31,554	31,554	
14	Savannakhet province	144	16.32	60,012.73	135,422	195,435	
15	Champasak province	20	1.31	16.62	10,864	10,881	
16	Saravanh province	30	13.53	6,260.41	112,296	118,557	
17	Sekong province	15	3.71	790.22	30,757	31,547	
18	Attapeua province	0	-	-	-	-	
Remark: Exchange rate 1 USD\$ =			8,300 Kip				

3.2. Commitment of ODA 2018

Based on ODA data collected from 16 development partners in Laos during the first half of 2017, an estimation of foreign aid to Lao PDR for 2018 could be made.

3.2.1. ODA Commitment by Regions

Figure 2 ODA 2018 by Regions

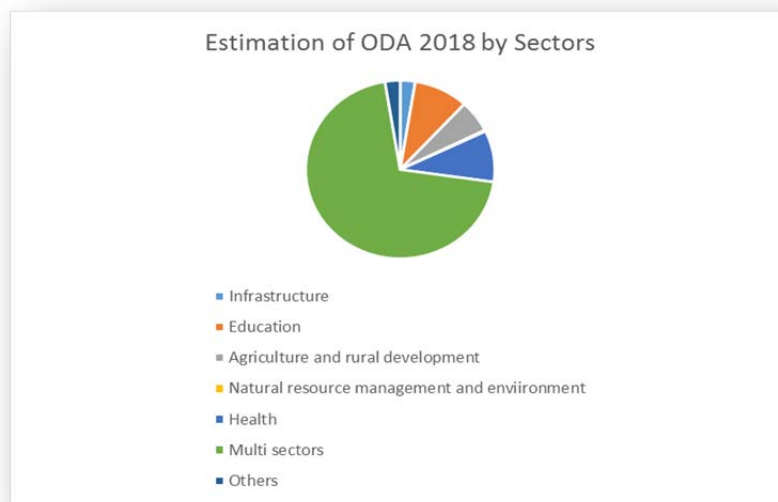


The above figure shows the prediction of foreign aid contribution to Lao PDR in the year 2018 categorized by regions including central, Northern, Southern, national, and multi regions. Tendency of assistance in the coming year has been expected to mainly invest to national region with amount more than 150 million USD.

3.2.2. ODA Commitment by Sectors

Following figure displays the proportions of ODA for sector working groups, namely infrastructure, education, agriculture and natural development, natural resource management and environment, health, multi sectors, and others, may receive from the DPs within next year. From this figure, ODA tends to be disbursed for multi sectors which cover more than 70 per cent in total.

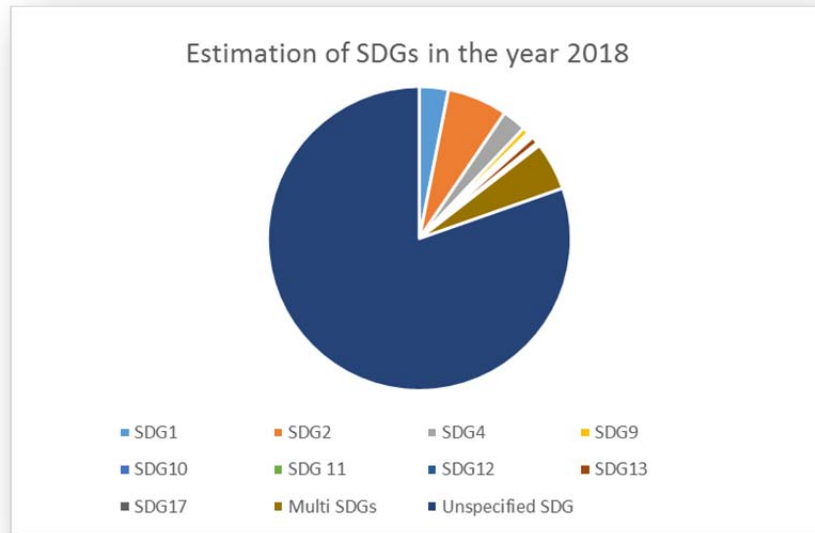
Figure 3 ODA 2018 by Sectors



3.2.3. ODA Commitment by SDG

The following chart presents proportion of ODA by SDGs expected to be made in 2018. Though there are not all 18 SDGs information showing here some of them will be forecasted. Overall, the unspecified SDGs will be the most group that will get more contribution from foreign aid in the next year and it will share almost 80 per cent of entry ODA in that year.

Figure 4 ODA 2018 by SDG's



IV. Conclusion and Recommendation

Semi-annual FAIR 2017 has been prepared to give overview of the current ODA situation in the country. At the same time, challenges and key matters for consideration have also been highlighted. 2017 is the first year of the change in fiscal year to calendar year, annual foreign aid financial report is not able to generate then semi-annual year report is an option to replace in this period. some parts of data was the combination from government agencies which was not able to compare to what we received directly from DPs. Integration of ODA implementation and ratio to the national long-term goals of the 8th NSEDP (2015-2020) which emphasized on LDC graduation. Non-function of Aid management platform is another issue which impact ODA data collection which have been relied on development partners' submission rather than generation from reliable system. This consequence has urged some new flexible ODA management has to be immediately developed to a batter set quality of data.

In order to improve quality of ODA figure collected for FAIR, there are certain steps that need to be taken. Therefore it is recommended that these following steps will be needed:

- Urge to adapt and create baseline of quality dataset for evaluation of ODA impact after completion of 8th NSEDP(2016-2020), which dataset conversion for 2016 is needed;
- Urgently required ODA monitoring and evaluation management system to minimize the time consuming on ODA data request from those related DPs through development and implementation of ODA MIS;
- Strengthen coordination mechanism in order to ensure quality dataset;
- Generate an annual report each period but RTM needs to be held at the beginning of the year then the data from the last whole year will be easily to generate.
- Strengthen the mutual accountability between DPs and government agencies ensuring financial performance activities will be reported in regular basis.