



Lao People's Democratic Republic

Peace, Independence, Democracy, Unity, Prosperity

Foreign Aid Implementation Report (FAIR) Fiscal Year 2015/16

Department of International Co-operation

Ministry of Planning and Investment

Foreword

The Foreign Aid Implementation Report (FAIR) analyzes Official Development Assistance (ODA) by Development Partners to Lao PDR in the fiscal year of 2015/16. Continuous monitoring and reporting of ODA is necessary to better align the Lao PDR with its development partners to drive the implementations of the country's national plan as well as global development agenda and guidelines in effective development partnerships.

The report marks national and international endeavor to develop Lao PDR towards the goal of graduation from the Least Developed Country status under the start of the 8th National Socio-Economic Development Plan 2016-2020 (NSEDPP) and the global Sustainable Development Goals (SDGs) in 2016.

To move forward to better ODA management, we initiated an assessment on our Aid Management Platform (AMP) which we used to track development finance to the Lao PDR and developed and tried out our new ODA management tool, intending to strengthen the country's ODA monitoring capacity and effective use of development resources for the whole country's betterment.

ODA has been a result of strong collaboration between Lao PDR and its Development Partners. The FAIR reports the country's use of ODA at national wide level and shows the Government's commitment in further building the relationship with international and local partners and putting the recommendations of the Paris Declaration on Aid Effectiveness, the Accra Agenda for Action, and the Busan High Level Forum on Aid Effectiveness into practices and Mexico communique on Global Partnership for Effective Development cooperation.

To conclude, I wish to express the Government's sincere appreciation to our Development Partners for their active involvement in the country's development through ODA provision and information exchange. I look forward to further develop collaboration with our partners.



H.E. Dr. Kikeo Chanthaboury
Deputy Minister
Planning and Investment

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Chapter 1 - Introduction

Official Development Assistance (ODA) has been playing a crucial role in the country's development. Organization for Economic Co-operation and Development, OECD explains ODA as official financial contributions of donor government agencies for the promotion of the economic development and welfare of developing countries. ODA is widely used at national and provincial levels of project implementations in Lao PDR.

ODA is managed by the country's Sector Working Groups with references to the global development agenda which include 17 global Sustainable Development Goals. The SDGs have been integrated into the National Socio-Economic Development Plan (NSEDP 2016-2020)'s Monitoring & Evaluation Framework, with 60 percent of NSEDP indicators linked to SDG indicators. They will now need to be integrated into sector strategies and provincial development plans. Lao PDR's graduation from Least Developed Country (LDC) status by 2020 will be driven once the 8th NSEDP is implemented successfully. Besides the global 17 SDGs, the Lao PDR has endorsed its 18th SDG on tackling Unexploded Ordnance (UXO) which has been widely harming the country's lives and development.

The Lao PDR is willing to take international guidelines on partnership as references. Guidelines of the Paris Declaration on Aid Effectiveness, the Accra Agenda for Action, and the Busan High Level Forum on Aid Effectiveness and Global Partnership Principles are put into national plans. In particular, the endorsement of Vientiane Declaration on Partnership for Effective Development Cooperation by 28 development partners was witnessed by 300 delegates from local and international partners in the 12th High Level Round Table Meeting on 27 November 2015.

To guide the implementation of the declaration, the Government and its partners have developed a Vientiane Declaration Country Action Plan (VDCAP 2016-2025). This VDCAP (2016-2025) will provide sectorial and provincial counterparts with key actions, indicators and targets for enhancing greater partnership for effective development cooperation. This in turn will help accelerating the 8th National Socio-Economic Development Plan (2016-2025) and achieving the global Sustainable Development Goals.

The country has also been reviewing the Prime Minister Decree No. 75 on the management and utilization of Official Development Assistance (ODA) for its finalization in 2017. The Decree will administer and ensure the effectiveness and efficiency of ODA. This exhibits the country's efforts in managing ODA for effective development.

With regard to both national and international development needs as well as international guidance on partnership, monitoring ODA of Lao PDR helps with evaluating the effectiveness of using ODA based on international standards as well as further building partnership with the country's Development Partners through open exchanges of information.

1.2 Scope

The Foreign Aid Implementation Report 2015/16 will cover ODA projects, programs and activities by Development Partners of the Lao PDR from 2011 to 2017. ODA data shows ODA trends in the country as well as prediction of foreign aid to Lao PDR, indicating Development Partners' areas of concerns in the country as well as how the country's leadership in achieving national and global development agenda.

1.3 Methodology/data collection

To eliminate the use of incorrect data, the 2015/2016 FAIR has been generated based on original data extracted from the own ODA monitoring system used by development partners as well as AMP data for the analysis of ODA of Fiscal Years 2011-2015.

Aid Management Platform (AMP) development supported by UNDP and developed by Development Gateway was used by DIC, MPI from 2012 for monitoring the country's ODA. Due to comments raised by AMP users, AMP is currently under assessment and data used was gathered through a new methodology.

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 in-house database system. The twenty-eight development partners provided the data are shown in Table 2 (Annex 1).

The valuable data will support the analysis of the country's ODA monitoring tool as well as generation of ODA reports for the country. In this regard we, DIC, MPI, would like to express our sincere appreciation to all development partners on outstanding data contribution to this report.

1.4 Limitations

Limitations of the FAIR 2015/16 include data collection and calculation aspects. As for data collection, 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. In calculation, the fiscal data of the three month-transition period between October and December 2016 is generally missing because the Lao Fiscal Year which used to be from 1st October to 30th September of each year including 2015/16 will be changed to from 1st January to 31st December of each year since 2017. Differences between fiscal years and currencies between the Lao PDR and Development Partners created impacts on data inaccuracy. Due to the change in ODA data collection methodology, the ODA data in the previous Fiscal Year 2014/2015 is not fully comparable to the existing year's data. There will be a need for data quality validation for better comparison of data in a near future.

Chapter 2 – Overall Analysis on Official Development Assistance in Lao PDR

2.1 Overall Official Development Assistance 2011-2015

2.1.1 ODA predictability – a comparison

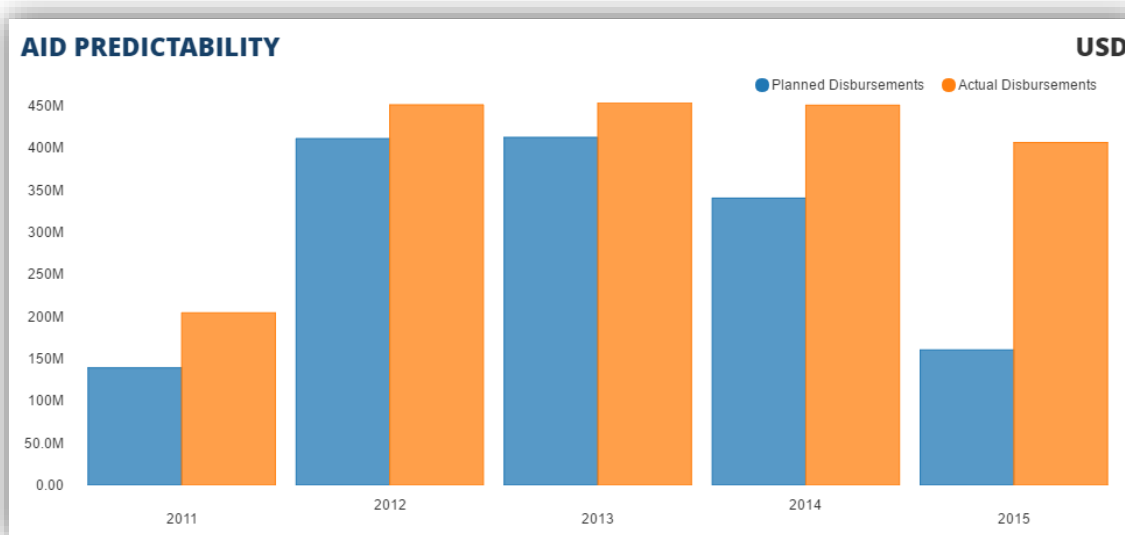
Table 1 compares planned disbursements and actual disbursements from the years 2011 to 2015 and shows the overall total actual disbursement over the years is higher than the planned disbursement by 34%. Changes on original planned disbursements based on actual implementation and the frequency of updating data may be two factors behind.

This table also highlights the increase of disbursement of ODA from 2012 to an average of 400 million in US dollars. It shows continuous supports from Development Partners to Lao PDR as well as a need to further monitor ODA.

Table 1 Comparison of Planned and Actual ODA disbursements from 2011 to 2015

Year	planned Disbursements	Actual Disbursements	Disbursement Ratio
2011	139	205	147%
2012	412	452	110%
2013	413	455	110%
2014	341	451	132%
2015	161	407	253%
Total	1,466	1,970	134%

Figure 1 Comparison of Planned and Actual ODA disbursements from 2011 to 2015

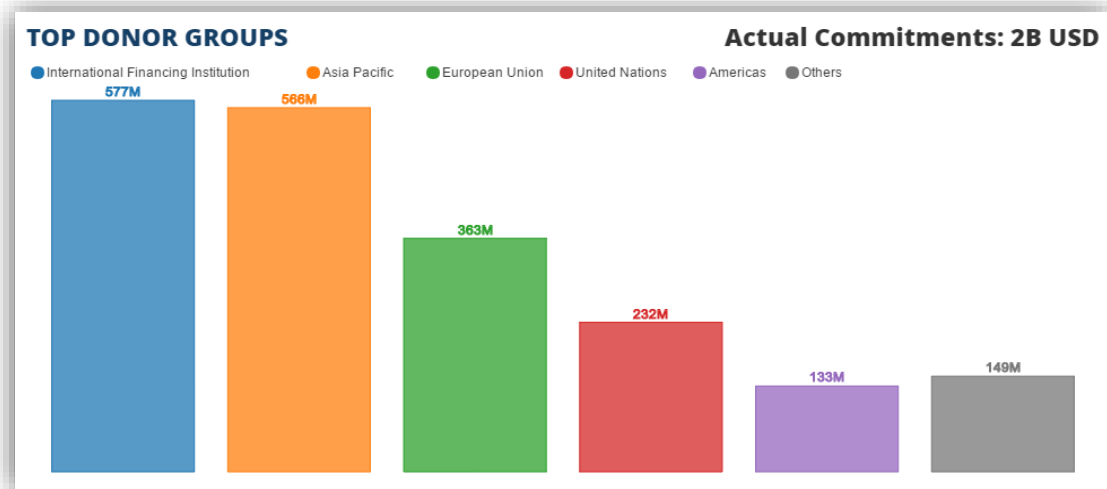


Source: AMP database as of 19-Nov-2016

2.1.2 ODA by Donor Groups

Figure 2 indicates the top donor groups that contributed ODA to Lao PDR from year 2011 to 2015 are international financing institution (577 millions), bilateral donors from Asia Pacific regions (566 million) and European Union (363 Millions).

Figure 2 ODA disbursement by Donor groups from 2011_to_2015

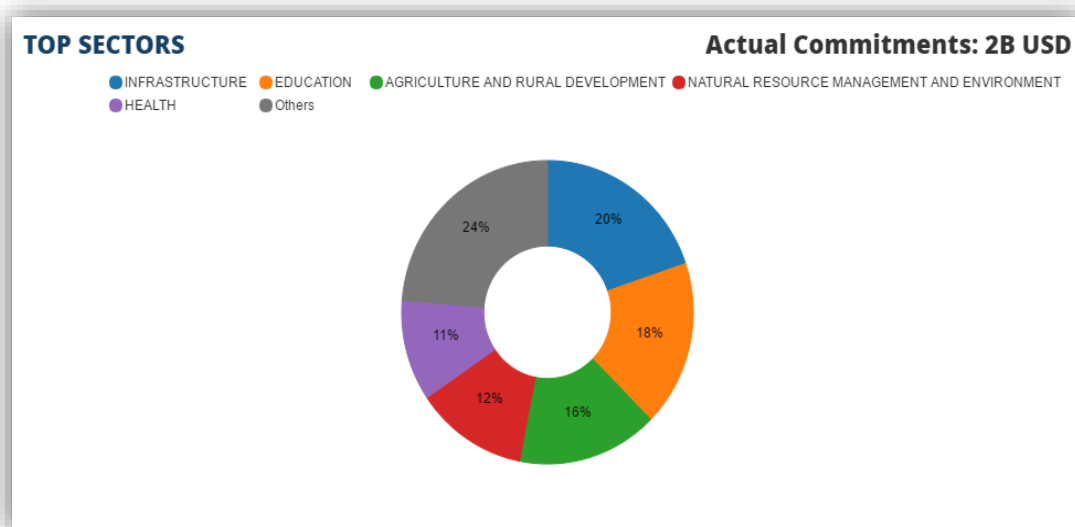


Source: AMP database as of 19-Nov-2016

2.1.3 ODA by Sector Working Groups

Figure 3 shows the top five Lao Sector Working Groups received the most amount of ODA, Infrastructure, Health, Education, Natural Resource Management and Environment, and Agriculture and Rural Development sectors of development. Infrastructure sector received the highest ODA percentage of 20% of total ODA between years 2011-2015. Other sectors received almost a quarter of ODA, including Governance, UXO and Illicit Drug Control.

Figure 3 ODA disbursements by Sector Working Groups

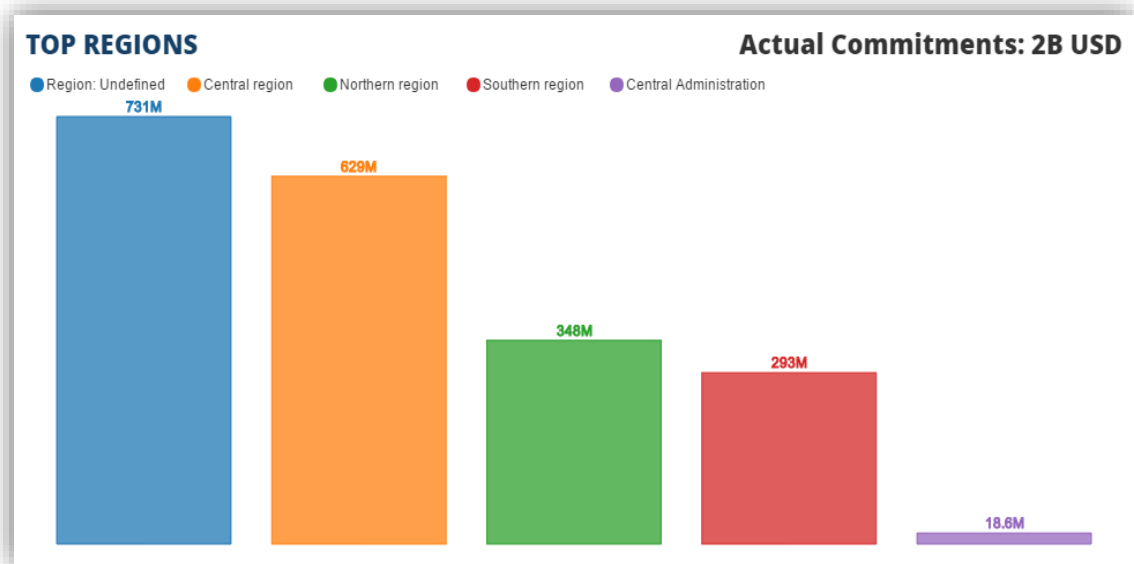


Source: AMP database as of 19-Nov-2016

2.1.4 ODA by regions

Figure 4 shows ODA disbursed by regions during the years 2011 to 2015 and highlighted that Central region of Lao PDR was receiving the most amount of ODA supports, followed by Northern and Southern regions. The figure also shows that projects without specified region of implementation shared about 731 million USD or about more than one third of total ODA disbursed in Lao PDR.

Figure 4 - ODA disbursements by regions



Source: AMP Database as of 19-Nov-2016

Chapter 3 – Analysis of Official Development Assistance 2015/2016

3.1 Planned and Actual disbursement by Development Partners 2015/16

This section emphasizes on Official Development Assistance (ODA) during the fiscal year 2015/2016. Table 2 (Annex 1) shows 28 Development Partners who actively involved in Lao PDR's development through ODA. The majority of the Development Partners had a high percentage of ODA actual disbursement over the planned value and about 16 organizations were able to reach 85% of disbursing planned disbursement. The average of actual disbursement rate is 62%. Some data is missing and inadequate that resulting in an inaccuracy of data analyzation.

3.2 ODA by Project Size

Table 3 illustrates the amount of Official Development Assistance in terms of the actual disbursement in the fiscal year 2015/2016 (Oct 2015 to Sep 2016) and planned disbursement in 2017 (Jan-Dec 2017) by projects, activities or programs, including seven different sizes ranging from less than 100 thousand USD to more than 10 million USD.

260 projects or half of the total number of ODA projects were subsidized by the actual disbursements of about 60 million USD in the fiscal year 2015/2016 and about 72 million USD of planned disbursement in the fiscal year 2017.

Planned disbursement in the fiscal year 2017 is shown declining when compared to the planned disbursement in 2015/16 and there will be more projects with ODA of less than 100 thousands USD.

This table also highlights that there are less projects of more than 10 million USD. There is not yet explanation for the relationship between the amount of disbursements to project and the capacity of disbursing actual financial aid.

Table 3- ODA Data by Project size

Description by project amount	Number of Project	2015-2016		2017
		Plan	Actual	Plan
< 100,000	260	4,676,699	59,951,892	72,034,355
100,001 - 500,000	80	21,872,870	15,252,549	12,934,960
500,001 - 1,000,000	31	23,512,103	19,013,765	16,431,076
1,000,001 - 2,000,000	36	50,758,324	30,620,414	18,388,819
2,000,001 - 4,000,000	22	61,597,235	22,384,169	40,328,405
4,000,001 - 10,000,000	12	71,217,738	37,043,620	24,926,003
10,000,001 >	6	133,408,739	43,787,127	114,953,174
Total	447	367,043,708	228,053,535	299,996,792

Source: DIC, MPI data as19-NOV-2016

3.3 ODA by Sustainable Development Goals (SGGs)

The fiscal year 2015/2016 is the first year starting the 8th National Social Economic Development Plan of Lao PDR and it is also the period of the transition from the Millennium Development Goals (MDGs) in the previous fiscal year 2014/2015 in the Sustainable Development Goals (SDGs) as an essential global development agenda. Hence, the 17 global SDGs related to the sustainable development, the 18th extra SDG, saving lives from Unexploded Ordnance (UXO) as well as numerous indicators have been officially embedded to the 8th NSEDP with consideration of national and provincial circumstances.

Though some of the roles and responsibilities have not been clearly stated and allocated among the line Ministries and a few ODA projects have not yet SDG indicated, SDGs have been recognized by the country and its development partners.

Table 4 explains the percentage of actual disbursements in the fiscal year 2015/2016 and planned disbursement in 2017 allocated to SDG 1, SDG 2, SDG 3, SDG 10, SDG 12, and SDG 16 was over 100 per cent of disbursing their planned disbursement. 84 Projects implementing multi SDGs mobilized approximately 90 million USD of actual disbursement. 16 projects have not had SDGs identified yet.

Table 4 - ODA projects by SDGs

Description	Number of Project	2015-2016		%	2017
		Plan	Actual		Plan
SDG 1	13	7,406,849.41	4,191,609.09	57%	4,132,737.00
SDG 2	16	5,200,353.98	9,964,325.41	192%	7,263,324.17
SDG 3	78	36,160,858.14	39,012,027.07	108%	29,435,841.83
SDG 4	57	33,514,110.92	24,310,447.66	73%	6,045,333.83
SDG 5	3	185,296.55	44,745.00	24%	35,700.00
SDG 6	17	57,169,906.61	3,073,432.28	5%	53,671,213.32
SDG 7	18	27,115,579.16	4,396,691.49	16%	14,180,034.24
SDG 8	21	7,176,983.52	4,908,478.33	68%	1,874,144.30
SDG 9	29	24,723,729.66	16,859,613.96	68%	8,209,644.28
SDG 10	3	345,000.00	555,100.00	161%	18,000.00
SDG 11	7	5,999,648.26	1,221,203.67	20%	4,636,467.39
SDG 12	10	2,015,830.00	2,673,930.00	133%	-
SDG 13	9	3,069,462.57	707,089.79	23%	1,882,153.57
SDG 14	6	5,780,001.00	3,621,032.58	63%	436,000.00
SDG 15	19	7,124,918.30	4,501,938.14	63%	3,740,661.00
SDG 16	22	3,856,678.16	4,404,677.42	114%	2,031,921.84
SDG 17	8	6,588,160.33	469,294.09	7%	3,556,071.52
SDG 18	11	13,582,404.20	12,345,008.15	91%	577,467.92
Multi SDGs	84	112,915,276.70	89,850,800.11	80%	151,704,556.73
N/A	16	7,112,660.40	942,091.03	13%	6,565,519.20
Total	447	367,043,707.86	228,053,535.24	62%	299,996,792.14

Source: DIC, MPI data as 19-NOV-2016

Chapter 4 – ODA Mapping integration

4.1 ODA Mapping Integration Overview

As Laos is one of Least Developed Country (LDC) in which foreign aids in the various forms contributes to public investments, development and capacity building projects. However, information on financial flows and activities implemented remains fragmented and incomplete as projects are widely run at national and provincial levels.

In order to alleviate aforementioned issue, the ministry has been creating ODA mapping through the Programme ‘ODA Mapping Integration’ with the aim of centralizing and defragmenting ODA projects for better monitoring by the government. ODA Mapping provides users with the access to development relevant data as well as encourages cross-sectoral exchange of information for development or ODA analysis.

With ODA mapping, for instance, users are able to view projects details at regional, provincial, district, and even village levels. This would assist the overseeing of ODA project implementation.

The ODA Mapping is considered as a part of DECIDE INFO, a platform of the Government of the Lao PDR of integrating key information from the social, economic, environmental, and agricultural sectors to facilitate informed planning and decision-making. It is funded by Swiss Agency for Development and Cooperation (SDC) and has been implemented and managed by Centre for Development and Environment (CDE) of University of Bern which works as a counterpart of the Department of International Development, Ministry of Planning and Investment (DIC, MPI). The website for ODA mapping is: www.decide.la.

4.2 Examples of ODA Mapping with multiple data

In order to demonstrate the capability of mapping platform, DIC, MPI together with CDE have put efforts to produce example maps that illustrate the integrated ODA maps with the existing data provide by our Development Partners. However, data for mapping of ODA still has some limitations regarding the number of projects and a lack of village locations, which we expect in the near future and more Development Partners will participate in our next round of data collection.

The two figures explained below and shown in annexes are examples of how ODA Mapping can link to other sources of information. The demonstrated maps only capture data from nine of our development partners, which involved in our first round of data collection. A partnership with our partners in ODA mapping is foreseen in a near future.

Figure 5 (Annex 2) compares data between Education Sector and Foreign Aid project in Laos, information collected from 5 donors namely the Government of France/ Agence Fracaise de Development, the Government of Japan/ Japan International cooperation agency, The government of Germany, The government of United States of America and The world Bank show a concentration of project activities at the village level in the northern provinces of Luang Namtha, Phongsaly and Oudomsay and in the southern

provinces of Sekong, Saravan and Attapeu. A majority of those projects are dedicated to basic education.

The literacy rate of 15 to 24 years olds per village is the lowest (below 40%) for the highland of Savannakhet province, and the province of Luang Namtha and Phongsaly. However, if we look at the change of literacy rates of 15 to 24 years olds per village between 2005 and 2015, there are significant improvements in the same provinces though some remaining villages have yet to improve their literacy rate.

Overall, the net enrolment rate in primary school, i.e. the percentage of the 6 to 11 year old children currently attending primary school, stands at 75% in 2015, whereas that rate tends to considerably higher in urban and low land areas, as well as in many parts of the northern mountainous areas.

Figure 6 (Annex 3) illustrates the data of ODA project against poverty ratio in the Lao PDR. There are 9 development partners which have projects at the village level, district level, provincial level and some at the national level.

At the provincial level, projects' activities in the education (51) and Health (42) sectors are most numerous ones supported by the 9 development partners. Sekong has the highest proportion of projects per person that are supported by the 9 development partners, with more than 15 projects per 100,000 inhabitants.

At the district level, projects' activities on disaster prevention and preparedness are the most important ones that are supported by the 9 development partners. At the village level, the provinces of Luang Namtha and Oudomxai have the highest number of project's activities of those development partners. Most of the activities recorded are targeting education and health.

Chapter 5 – Conclusion

Fiscal year 2015/2016 is the first stage of the 8th National Social Economics Development Plans 2015-2020, new challenging tasks have begun during this period. The shift from MDGs to SDGs has mostly implemented with some of ODA disbursement ratio that is measurable. In addition, as AMP is subject to be assessed on its efficiency and effectiveness, methodology and ODA data collection have been relied on development partners' submission rather than generation from the AMP system. Hence, its structure might be different from those previous FAIRs. Though there are some missing data from development partners impact on outcome accuracy, this analysis is evident for DIC/MPI in seeking the further improvements and cooperation from all stakeholders in researching the common solution to eliminate the issues arising. This will ensure all tasks are on the right track to the target of sustainability.

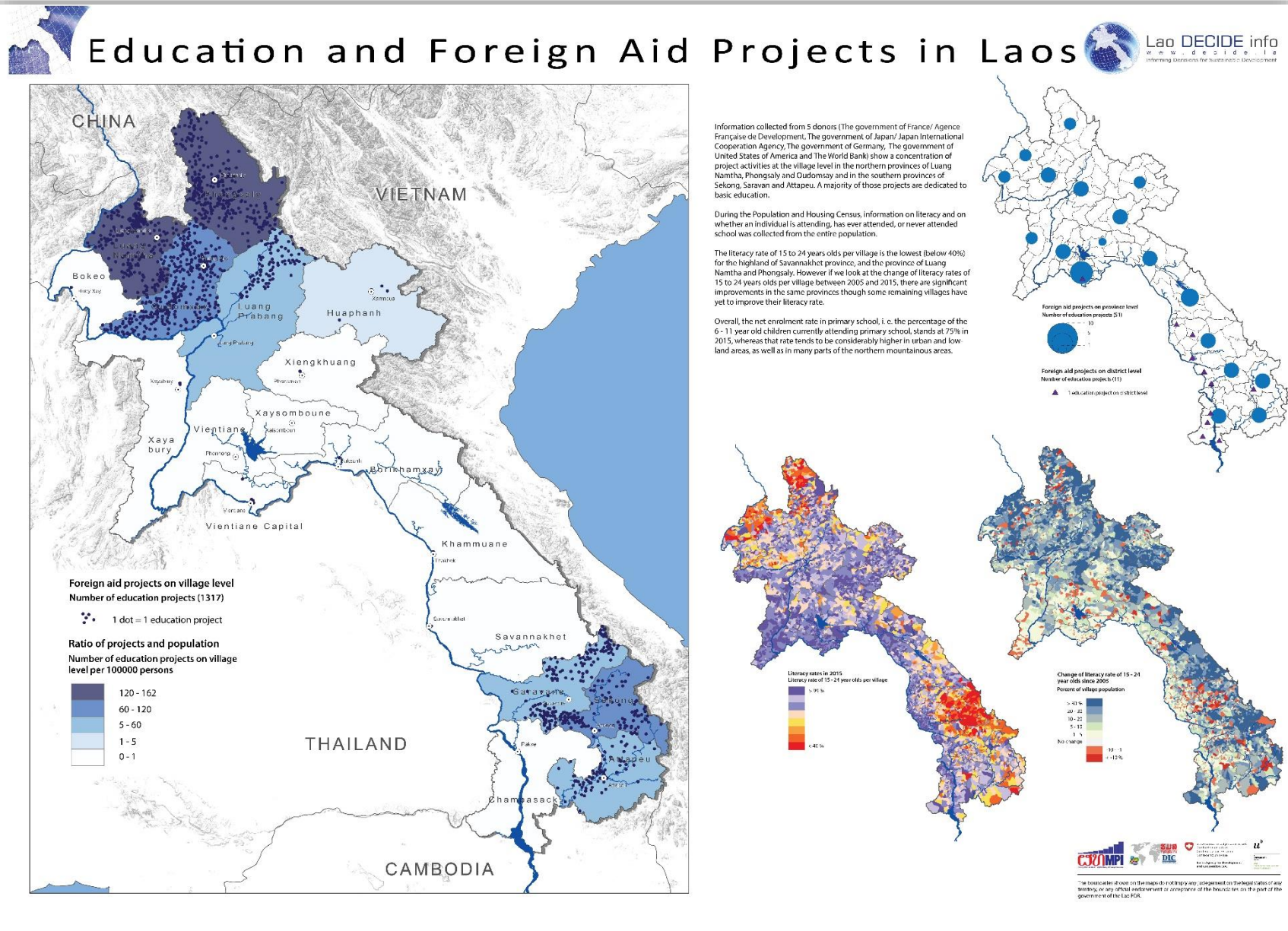
ANNEXES

**Table 2: Disbursements by Development Partners
(Annex 1)**

No:	Donor	Planned Disbursements 2015-2016	Actual Disbursements 2015-2016	Percentage
1	UNDP	11,864,687.00	14,302,069.79	121%
2	UNICEF	1,295,971.38	1,538,281.40	119%
3	UNFPA	2,930,312.50	3,414,315.82	117%
4	USAID	40,114,342.00	45,735,087.23	114%
5	WHO	9,530,633.00	9,847,020.00	103%
6	NEDA	17,207,310.11	17,515,419.76	102%
7	IOM	545,000.00	545,000.00	100%
8	UNHABITA	504,000.00	504,000.00	100%
9	UNOCD	468,275.00	466,000.00	100%
10	Luxdev	10,778,718.84	10,621,629.00	99%
11	EU	20,813,243.42	19,635,724.62	94%
12	UNIDO	959,000.00	881,324.60	92%
13	UK	146,723.00	134,360.20	92%
14	KFW	13,983,269.00	12,481,454.32	89%
15	UNESCO	569,910.52	492,558.09	86%
16	ILO	1,750,000.00	1,490,000.00	85%
17	Finland	3,165,360.00	2,420,044.00	76%
18	AFD	1,500,000.00	1,071,401.51	71%
19	WFP	19,271,377.35	10,486,068.52	54%
20	Germany	2,854,694.73	1,332,155.79	47%
21	ADB	47,247,660.00	16,571,934.84	35%
22	Japan	131,646,616.82	14,547,446.66	11%
23	Australian	-	34,672,682.69	0%
24	FAO	3,221,878.77	-	0%
26	France	1,703,110.20	-	0%
27	IFAD	-	7,347,556.41	0%
28	SDC	22,971,614.23	-	0%
	Total	367,043,707.86	228,053,535.24	62%

Source: DIC, MPI data as 19-NOV-2016

Annex 2: Map shows the ODA projects compared to Education



Annex 3: Map illustrates the poverty area compared to ODA projects

