



## Completion Report

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Project Numbers: 46059-001 and 46059-002  
Loan Numbers: 2905 and 3205  
Grant Numbers: 0308 and 0309  
October 2021

### Lao People's Democratic Republic: Governance and Capacity Development in Public Sector Management Program (Subprograms 1 and 2)

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Asian Development Bank



## CURRENCY EQUIVALENTS

Currency unit – kip (KN)

			At Appraisal	At Project Completion
<b>Subprogram 1</b>				
Loan 2905	KN1.00	=	23 April 2012 \$0.0001251	2 May 2012 \$0.0001252
	\$1.00	=	KN7,995.00	KN7,986.00
Grant 0308	KN1.00	=	23 April 2012 \$0.0001251	31 March 2013 \$0.0001252
	\$1.00	=	KN7,995.00	KN7,986.00
Grant 0309	KN1.00	=	23 April 2012 \$0.0001251	31 Oct 2018 \$0.00011
	\$1.00	=	KN7,995.00	KN8,538.11
<b>Subprogram 2</b>				
Loan 3205	KN1.00	=	23 June 2014 \$0.0001242	2 July 2014 \$0.0001243
	\$1.00	=	KN8,052.00	KN8,047.00

## ABBREVIATIONS

ADB	–	Asian Development Bank
APFS	–	audited project financial statements
CPS	–	country partnership strategy
DDF	–	District Development Fund
EPFC	–	Economic Planning Finance Committee
GDP	–	gross domestic product
Lao PDR	–	Lao People's Democratic Republic
MAF	–	Ministry of Agriculture and Forestry
MDG	–	millennium development goal
MOES	–	Ministry of Education and Sports
MOF	–	Ministry of Finance
MOH	–	Ministry of Health
MOHA	–	Ministry of Home Affairs
MONRE	–	Ministry of Natural Resources and Environment
MPI	–	Ministry of Planning and Investment
NCAW	–	National Commission for the Advancement of Women
NGPAR	–	National Governance and Public Administration Reforms
NSAW	–	National Strategy for the Advancement of Women
NSEDP7	–	Seventh National Socio-Economic Development Plan
P3F	–	post-program partnership framework
PARTI	–	Public Administrative Research and Training Institute
PEFA	–	Public Expenditure and Financial Accountability
PFM	–	public financial management
PFMSP	–	Public Financial Management Strengthening Program
PPP	–	public–private partnership
PSM	–	public sector management
SAO	–	State Audit Organization
TA	–	technical assistance

## NOTE

In this report, “\$” refers to United States dollars.

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## BASIC DATA

### SUBPROGRAM 1

#### A. Loan and Grant Identification

- |    |   |   |
|----|---|---|
| 1. | Country   | Lao People's Democratic Republic  |
| 2. | Loan number and financing source<br>Grant Numbers | Loan 2905 (Concessional Ordinary<br>Capital Resources)<br>Grants 0308, 0309 (Asian Development<br>Fund) |
| 3. | Project title                                     | Governance and Capacity Development<br>in Public Sector Management Program                              |
| 4. | Borrower  | Lao People's Democratic Republic  |
| 5. | Executing agency                                  | Ministry of Finance   |
| 6. | Amount of loan                                    | Loan 2905: SDR1,655,000/\$2,500,000<br>Exchange rate: SDR0.6496 = \$1.00                                |
|    | Amount of program grant                           | Grant 0308: \$7,500,000   |
|    | Amount of project grant                           | Grant 0309: \$6,000,000   |
| 7. | Financing modality                                | Policy-based Loan / Policy-based Grant /<br>Project Grant   |

#### B. Loan and Grant Data

- |    |                                      |                   |
|----|--------------------------------------|-------------------|
| 1. | Reconnaissance                       |                   |
|    | – Date started                       | 23 April 2012     |
|    | – Date completed                     | 2 May 2012        |
| 2. | Loan and grant negotiations          |                   |
|    | – Date started                       | 13 August 2012    |
|    | – Date completed                     | 14 August 2012    |
| 3. | Date of Board approval               | 27 September 2012 |
| 4. | Date of loan and grant agreement     | 23 October 2012   |
| 5. | Date of loan and grant effectiveness |                   |
|    | Loan 2905 and Grant 0308             |                   |
|    | – In loan and grant agreements       | 21 January 2013   |
|    | – Actual                             | 7 December 2012   |
|    | – Number of extensions               | 0                 |
|    | Grant 0309                           |                   |
|    | In grant agreement                   | 21 January 2013   |
|    | – Actual                             | 14 December 2012  |
|    | – Number of extensions               | 0                 |
| 6. | Project completion date              |                   |
|    | Loan 2905 and Grant 0308             |                   |
|    | – Appraisal                          | 31 March 2013     |
|    | – Actual                             | 31 March 2013     |
|    | Grant 0309                           |                   |
|    | – Appraisal                          | 31 July 2016      |
|    | – Actual                             | 31 October 2018   |

7. Loan and grant closing date  
 Loan 2905 and Grant 0308  
 – In financing agreement 31 March 2013  
 – Actual 31 March 2013  
 – Number of extensions 0  
 Grant 0309  
 – In grant agreement 31 July 2016  
 – Actual<sup>2</sup> 31 October 2018  
 – Number of extensions 4
8. Financial closing date  
 Loan 2905 and Grant 0308  
 – Actual 31 March 2013  
 Grant 0309  
 – Actual 15 April 2020
9. Terms of loan  
 Loan 2905  
 – Interest rate 1% per annum during the grace period and 1.5% per annum thereafter  
 – Maturity (number of years) 24  
 – Grace period (number of years) 8

10. Disbursements

a. Dates

Loan 2905

<b>Initial Disbursement</b> 10 December 2012	<b>Final Disbursement</b> 10 December 2012	<b>Time Interval</b> 0 months
<b>Effective Date</b> 7 December 2012	<b>Actual Closing Date</b> 31 March 2013	<b>Time Interval</b> 3.77 months

Grant 0308

<b>Initial Disbursement</b> 7 December 2012	<b>Final Disbursement</b> 7 December 2012	<b>Time Interval</b> 0 months
<b>Effective Date</b> 7 December 2012	<b>Actual Closing Date</b> 31 March 2013	<b>Time Interval</b> 3.77 months

Grant 0309

<b>Initial Disbursement</b> 26 August 2013	<b>Final Disbursement</b> 26 March 2020	<b>Time Interval</b> 79 months
<b>Effective Date</b> 14 December 2012	<b>Actual Closing Date</b> 31 October 2018	<b>Time Interval</b> 70.59 months

b. Amount (\$'000)

1. Loan 2905

	<b>Amount Disbursed</b>
Single Tranche	2,500

2. Grant 0308

	<b>Amount Disbursed</b>
Single Tranche	7,500



## 3. Grant 0309

Category	Original Allocation (1)	Increased during Implementation (2)	Canceled during Implementation (3)	Last Revised Allocation (4=1+2-3)	Amount Disbursed (5)	Undisbursed Balance (6 = 4-5)
Consultants	3,320.42	248.98		3,569.40	3,576.21	(6.81)
Equipment/ Vehicle	290.00	47.00		337.00	395.25	(58.25)
Trainings/ Workshop	795.00	7.00		802.00	867.85	(65.85)
Studies and Surveys	1,040.00	0.00		1,040.00	647.76	392.24
Project Management Support	190.00	51.60		241.60	236.64	4.96
Contingency	364.58	(354.58)		10.00	0.00	10.00
<b>Total</b>	<b>6,000.00</b>			<b>6,000.00</b>	<b>5,723.71</b>	<b>276.29</b>

## C. Program and Project Data

## 1. Program and Project cost (\$'000)

## Loan 2905

Cost	Appraisal Estimate	Actual
Foreign exchange cost	2,500.00	2,500.00
Local currency cost	0.00	0.00
<b>Total</b>	<b>2,500.00</b>	<b>2,500.00</b>

## Grant 0308

Cost	Appraisal Estimate	Actual
Foreign exchange cost	7,500.00	7,500.00
Local currency cost	0.00	0.00
<b>Total</b>	<b>7,500.00</b>	<b>7,500.00</b>

## 2. Financing plan (\$'000)

Cost	Appraisal Estimate	Actual
Implementation cost		
ADB financed	6,000.00	5,723.71
Other external financing		
<b>Total implementation cost</b>	<b>6,000.00</b>	<b>5,723.71</b>

## 3. Cost breakdown by project component (\$'000)

Component	Appraisal Estimate	Actual
Output 1: Multi-year budgeting and intergovernmental fiscal relations implemented	1,151.40	1,133.30
Output 2: Civil service capacity at the central and subnational levels, including gender-responsive capacity, strengthened	2,141.64	2,445.14
Output 3: Investment management capacity in the public sector for private sector investments and identifying potential PPP arrangements strengthened	2,342.38	2,145.27
Contingencies	364.58	0.00
<b>Total</b>	<b>6,000.00</b>	<b>5,723.71</b>

## 4. Project schedule

Item	Appraisal Estimate	Actual
Date of contract with consultants	20 May 2013	20 May 2013
Completion of engineering designs	Not applicable	Not applicable
Civil works contract	Not applicable	Not applicable

Item	Appraisal Estimate	Actual
Date of award	Not applicable	Not applicable
Completion of work	Not applicable	Not applicable
Equipment and supplies	Not applicable	Not applicable
Dates		
First procurement	1 July 2013	1 July 2013
Last procurement	18 October 2018	18 October 2018
Completion of equipment installation	Not applicable	Not applicable
Start of operations		
Completion of tests and commissioning	Not applicable	Not applicable
Beginning of start-up	Not applicable	Not applicable
Other milestones	Not applicable	Not applicable

## 5. Project performance report ratings

Implementation Period (Grant 0309)	Single Project Rating
January – March 2013	On Track
April – June 2013	Potential Problem
July – September 2013	Potential Problem
October – December 2013	On Track
January – March 2014	On Track
April – June 2014	On Track
July – September 2014	On Track
October – December 2014	On Track
January – March 2015	On Track
April – June 2015	On Track
July – September 2015	On Track
October – December 2015	On Track
January – March 2016	On Track
April – June 2016	On Track
July – September 2016	Potential Problem
October – December 2016	Actual Problem
January – March 2017	On Track
April – June 2017	On Track
July – September 2017	On Track
October – December 2017	On Track
January – March 2018	On Track
April – June 2018	On Track
July – September 2018	On Track
October – December 2018	On Track
January – March 2019	On Track
April – June 2019	On Track
July – September 2019	On Track
October – December 2019	On Track
January – March 2020	On Track
April – June 2020	On Track

## D. Data on Asian Development Bank Missions

Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of Members <sup>a</sup>
Reconnaissance	23 April–2 May 2012	4	32	b, h, k
Fact-finding	2–10 July 2012	4	10	b, c, g, k
Loan negotiations	13–14 August 2012	4	8	b, c, h, k
For G0309 only:				
Consultation mission	10–11 December 2012	3	6	c, h, k
Grant review	5–9 August 2013	4	15	c, h, i, k
Inception mission	24–26 September 2013	4	10	c, f, g, h
Grant review	11–18 December 2013	5	14	c, f, h, i, k
Grant review	24–28 February 2014	5	24	c, h, i, k, m
Grant review	23 June–1 July 2014	4	20	c, h, i, k, m
Grant review	15–21 February 2015	4	15	c, h, i, k
Grant review	25–29 May 2015	5	20	c, f, h, i, m
Grant review	18–19 August 2015	5	10	c, h, i, k, m

<b>Name of Mission</b>	<b>Date</b>	<b>No. of Persons</b>	<b>No. of Person-Days</b>	<b>Specialization of Members <sup>a</sup></b>
Grant review	15–18 March 2016	4	14	d, h, i, m
Midterm review	9–18 August 2016	6	42	d, f, h, i, l
Grant review	28 November—1 December 2016	5	17	d, f, h, i, l
Grant review	13–17 February 2017	3	15	d, i, l
Grant review	10–16 August 2017	3	12	d, i, l
Grant review	9–10 February 2018	4	8	d, e, i, l
Grant review	23–24 May 2018	2	4	e, l
Program Completion Report	16–30 September 2020	6	24	a, h, i, j, k, n

<sup>a</sup> a = principal financial sector specialist; b = public management specialist; c = counsel; d = financial management specialist; e = trade specialist; f = PPP specialist; g = social development specialist; h = senior economics officer; i = senior economics officer (PPP component); j = social and development officer; k = project analyst; l = associate project analyst; m = senior operations assistant; n = operations assistant.

**SUBPROGRAM 2****A. Loan Identification**

- |    |                                  |  |
|----|----------------------------------|--|
| 1. | Country                          | Lao People's Democratic Republic   |
| 2. | Loan number and financing source | Loan 3205 (Concessional Ordinary Capital Resources)                                    |
| 3. | Project title                    | Governance and Capacity Development in Public Sector Management Program (Subprogram 2) |
| 4. | Borrower                         | Lao People's Democratic Republic   |
| 5. | Executing agency                 | Ministry of Finance  |
| 6. | Amount of loan                   | SDR10,052,000/\$15,000,000   |
|    |                                  | Exchange rate: SDR0.6840 = \$1.00  |
| 7. | Financing modality               | Policy-based loan  |

**B. Loan Data**

- |    |                                  |  |
|----|----------------------------------|--|
| 1. | Reconnaissance                   |  |
|    | – Date started                   | 23 June 2014   |
|    | – Date completed                 | 2 July 2014  |
| 2. | Loan negotiations                |  |
|    | – Date started                   | 23 October 2014  |
|    | – Date completed                 | 23 October 2014  |
| 3. | Date of Board approval           | 3 December 2014  |
| 4. | Date of loan agreement           | 11 December 2014   |
| 5. | Date of loan effectiveness       |  |
|    | – In loan agreement              | 11 March 2015  |
|    | – Actual                         | 23 December 2014   |
|    | – Number of extensions           | 0  |
| 6. | Project completion date          |  |
|    | – Appraisal                      | 30 June 2015   |
|    | – Actual                         | 30 June 2015   |
| 7. | Loan closing date                |  |
|    | – In loan agreement              | 30 June 2015   |
|    | – Actual                         | 30 June 2015   |
|    | – Number of extensions           | 0  |
| 8. | Financial closing date           |  |
|    | – Actual                         | 30 June 2015   |
| 9. | Terms of loan                    |  |
|    | – Interest rate                  | 1% per annum during the grace period and 1.5% per annum thereafter |
|    | – Maturity (number of years)     | 24   |
|    | – Grace period (number of years) | 8  |

## 10. Disbursements

## a. Dates

<b>Initial Disbursement</b> 23 December 2014	<b>Final Disbursement</b> 23 December 2014	<b>Time Interval</b> 0 months
<b>Effective Date</b> 23 December 2014	<b>Actual Closing Date</b> 30 June 2015	<b>Time Interval</b> 6.22 months

## b. Amount ('000)

	<b>Amount Disbursed</b>
Single Tranche	15,000

**C. Data on Asian Development Bank Missions**

<b>Name of Mission</b>	<b>Date</b>	<b>No. of Persons</b>	<b>No. of Person-Days</b>	<b>Specialization of Members <sup>a</sup></b>
Reconnaissance	23 June–2 July 2014	7	38	a, b, d, f, g, h, i
Fact-finding	15–19 September 2014	6	24	d, e, f, g, h, i
Loan negotiations	23 October 2014	6	6	d, e, f, g, i
Program completion review	16–30 September 2020	6	24	c, f, g, h, i, j

<sup>a</sup> a = sector director; b = principal public management specialist; c = principal financial sector specialist; d = PPP specialist; e = young professional; f = senior economics officer; g = senior economics officer (PPP component); h = social and development officer; i = senior operations assistant; j = operations assistant.



## I. PROGRAM DESCRIPTION

1. Gross domestic product (GDP) grew steadily in the Lao People's Democratic Republic (Lao PDR) during 2007–2011, averaging 7.5% a year, and significant progress was made in reducing poverty and advancing gender equality. Based on the international poverty line of \$1.25 per day, poverty incidence declined from 44.4% in 2002–2003 to 37.4% in 2007–2008. However, striking inequalities persisted along rural–urban lines, and between geographic areas (north, center, and south) and ethnic groups. Urban areas and districts along the border with Thailand experienced greater economic growth and poverty reduction. Conversely, while 71% of the population lived in rural areas, they accounted for 82% of the poor. Poverty proportions in the north were 12 percentage points higher than in the center or south, and poverty rates of 43% were common in villages cut off from markets. Moreover, the 2011 Gender Inequality Index ranked Lao PDR 107<sup>th</sup> among 146 countries. Key issues included: (i) a high rate of maternal mortality (405 deaths per 100,000 live births); (ii) limited access to reproductive health services; (iii) gender disparity at all levels of education; and (iv) limited access to training, employment, finance, and opportunities for economic advancement. As a result, the Lao PDR was unable to achieve its critical millennium development goals (MDGs), including its education targets for goal 2 (universal primary education) and goal 3 (eliminating gender disparity in all levels of education).

2. At the time, lingering poverty and disparities were largely attributed to two interrelated issues: (i) limited resources; and (ii) poor service delivery. The Lao PDR had posted a budget deficit averaging 3.5% of GDP from 2007 to 2011. At the same time, skewed planning, weak public financial management (PFM), and ad hoc intergovernmental fiscal arrangements exacerbated these resource limitations. Budget allocations for education and health services were inadequate when compared with the needs identified in sector development plans. In addition, local administrations suffered from capacity constraints, especially for education and health outcomes. While 20% of all villages in the Lao PDR had a school, only 8% had their own health center and the doctor–person ratio nationwide was among the lowest in Southeast Asia.

3. Under the Seventh National Socio-Economic Development Plan (NSED7), 2011–2015, the government sought to close the financing gap by gradually transitioning to a private-sector-led market economy and achieving an annual GDP growth rate of at least 8%.<sup>1</sup> However, the government faced a number of challenges. First, the national and local governments had limited ability to implement the law on investment to ensure long-term sustainability and widespread social gains. In addition, the business climate was not encouraging. The Lao PDR was rated 182<sup>nd</sup> in investor protection and 165<sup>th</sup> in ease of doing business among 183 economies. At the same time, budget execution, procurement, accounting, and financial reporting exhibited weaknesses. Implementation of the Budget Law was problematic and revenue sharing between the national and provincial levels of government needed to be strengthened. Overall responsibility for expenditures was so diffused that effective oversight was impossible.<sup>2</sup>

4. Within this context, the Governance and Capacity Development in Public Sector Management Program (the program) sought to improve the delivery of key public services and strengthen national and subnational public sector management (PSM) to achieve sustained and inclusive economic growth. The program had three areas of focus: (i) multiyear budgeting and intergovernmental coordination; (ii) the capacity of the civil service at all levels; and (iii) an

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<sup>1</sup> Government of the Lao People's Democratic Republic, Ministry of Planning, and Investment. 2011. *The Seventh Five-Year National Socio-Economic Development Plan (2011–2015)*. Vientiane.

<sup>2</sup> For example, the central government had oversight of the policy-making process, but the Ministry of Finance was unable to control revenue and expenditure management at the provincial level.

enabling environment for private sector investment, including the use of public–private partnerships (PPP). Under subprogram 1, the government addressed the foundational reforms necessary to strengthen PSM as a precursor to improving PFM and service delivery. Under subprogram 2, the government was expected to deepen the reforms by focusing on implementation and achieving tangible development targets. Subprogram 1 was supported by a project grant to help the government achieve the performance targets of the policy-based loan.

## II. DESIGN AND IMPLEMENTATION

### A. Program Design and Formulation

5. The program was well-grounded in the NSEDP7, which focused on achieving the MDGs, and highlighted the link between good governance and the government's development goals (footnote 1). Under the NSEDP7, the government formulated the National Governance and Public Administration Reforms (NGPAR), 2011–2015 to strengthen the technical capacity of both central and subnational governments for PFM. It focused on improving regulations, organizational structures, personnel management, and center–local relations. The program was also consistent with the government's Public Financial Management Strengthening Program (PFMSP).<sup>3</sup> With the support of development partners, this program aimed to strengthen the government's core PFM subsystems with a focus on the budget (e.g., planning, execution, accounting and reporting, and auditing). The business environment would also benefit from reforms to improve the investment climate for private sector development. At the same time, the government was prioritizing gender equity and women's empowerment in the national development plans.

6. The program was also consistent with the country partnership strategy (CPS), 2012–2016 of the Asian Development Bank (ADB),<sup>4</sup> which was aligned with the NSEDP7, and ADB's Strategy 2020.<sup>5</sup> The CPS identified inclusive and sustainable growth and poverty reduction as its primary objectives and highlighted stronger public sector capacity and governance as one of four key drivers of change. Strengthening PSM was considered essential for efficient and effective development in the Lao PDR. ADB and development partners worked to strengthen public expenditure and fiscal management, PFM, anticorruption, decentralization, and public administration. A programmatic approach with a policy-based loan and grant was selected because it would help leverage government and stakeholder support into implementable policy reforms and budget allocations over the medium term. As structural reforms of this nature have a long gestation period, a programmatic approach entails a medium- to long-term horizon and allows for flexible responses to changes in circumstances. The associated technical assistance (TA) provides support to complete challenging reforms.

### B. Program Outputs

7. The program had three outputs: (i) multiyear budgeting and intergovernmental fiscal relations implemented; (ii) civil service capacity at the central and subnational levels, including gender-responsive capacity, strengthened; and (iii) investment management capacity in the public sector for private sector investments and identifying potential public–private partnership arrangements strengthened. The program had six output targets: (i) three targets were achieved; (ii) one was substantially achieved; and (iii) two were not achieved.

<sup>3</sup> Government of the Lao PDR, Ministry of Finance. 2005. *Public Expenditure Management Strengthening Program*. Vientiane (since renamed the Public Financial Management Strengthening Program).

<sup>4</sup> ADB. 2006. *Country Strategy and Program: Lao PDR, 2012–2016*. Manila.

<sup>5</sup> ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. Manila.



**8. Output 1: Multiyear budgeting and intergovernmental fiscal relations implemented.**

This output was partly achieved. Under subprogram 1, the Ministry of Finance (MOF) formulated the PFMS medium-term implementation plan (2011–2015) and launched the Public Finance Development Strategy. To improve budgeting and service delivery, the Ministry of Education and Sports (MOES) and the Ministry of Health (MOH) prepared pilot medium-term budget projections for fiscal years 2012 to 2015. Concurrently, MOES provided \$30 million under the fast-track initiative to increase the enrollment of primary school students, including girls in remote and ethnic areas. The MOF also approved the new Accounting Regulation to support implementation of the 2007 Law on Accounting and 2006 Law on State Budget. Training was provided to the MOF on International Public Sector Accounting Standards. To strengthen reporting and monitoring, MOF began implementing the new government financial information system and the new chart of accounts. To enhance its competence, the Supreme Audit Organization (SAO) prepared a capacity development plan to strengthen procurement audit, and the Economic Planning Finance Committee (EPFC) and SAO drafted rules to coordinate discussion of the audit reports.

9. Under subprogram 2, coordination within the Ministry of Planning and Investment (MPI) was strengthened and an annual budget that supported implementation of the NSEDP7, 2011–2015 was prepared, from a multi-year budgeting perspective. Budgets for the health and education sectors (including at district levels) were increased. MOF adopted a cash-based system of accounting and provided training to implement International Public Sector Accounting Standards. In addition, the MOF linked the government financial information system with the tax and customs information management systems. A roadmap was adopted to implement a formula-based approach for fiscal transfers from the central to subnational levels. The SAO improved its procurement audit capacity, and the government set standards for the presentation of SAO audit reports to the National Assembly by the EPFC.

10. **Project grant.** The project grant did not specify performance targets, but the deliverables were essential to achieving the program's performance targets. These deliverables included: (i) a government-wide medium-term budget framework (2010–2020) and a medium-term budget framework for two pilot ministries (MOH and MOES), and (ii) strengthened policies and systems for inter-governmental financial arrangements. These deliverables were partially met. The Lao Integrated Macroeconomic Coordination Framework was updated with a manual and guidance note. Workshops and seminars were conducted to support these efforts. However, a formula-based intergovernmental transfer mechanism was not delivered. During the implementation of the grant, the government was focused on other priorities (e.g., piloting Sam Sang and revising the Budget Law, Local Administration Law, and Civil Servant Law). In line with government's request, outputs were limited to the delivery of position papers, and roadmaps. Specifically, a set of general recommendations for establishing intergovernmental financial arrangements, diagnostic papers on the Sam Sang de-concentration initiative, and research on fiscal transfers (both conditional and unconditional), and on formula-based fiscal transfers were completed and delivered.<sup>6</sup> A roadmap for institutionalizing formula-based fiscal transfers was also provided.

11. **Program Performance Targets.** This program output had two performance targets that were retained over the entire program.<sup>7</sup> Only one was achieved. In the first, medium-term fiscal and expenditure frameworks would be implemented by the end of 2016 (2010 baseline: PEFA framework score of D+). In the second, a formula-based intergovernmental transfer mechanism,

<sup>6</sup> The Sam Sang (Politburo Resolution No.03/CPP issued 15, February 2012) or "Three Builds" initiative was launched to accelerate local economic development through targeted dissemination of resolutions and policies, decentralization of public administration, and the development of targeted villages.

<sup>7</sup> Despite the use of PEFA scores in the baseline, corresponding performance targets were not established for improvement in PEFA scores.

including the allocation of adequate resources to districts for achieving the MDGs in health and education, would be established, also by 2016 (2010 baseline: PEFA score of D and no formula-based transfer system). With the support of the project grant, a medium-term budget framework was developed by the Fiscal Policy Department of MOF, which was sufficient to achieve the first performance target. However, progress in establishing a medium-term expenditure framework beyond the initial two ministries was limited and increases in the health and education sectors were constrained by fiscal space and the actual conditions on the ground (e.g., limited availability of physical health clinics and schools).<sup>8</sup> The second performance target was not achieved as a formula-based intergovernmental transfer mechanism was not established. The reallocation of resources under the project grant (para 10) precluded the adoption of the policy reforms necessary to meet this target.

**12. Output 2: Civil service capacity at the central and subnational levels, including gender-responsive capacity, strengthened.** This output was also partially achieved. Under subprogram 1, the government adopted the Strategic Plan on Governance 2011–2020. The strategy for the promotion of gender equality in public administration was presented to the Cabinet for approval. To provide oversight and accountability, the former Public Administration and Civil Service Authority was upgraded to become the Ministry of Home Affairs (MOHA) and was charged with implementing the Strategic Plan on Governance 2011–2020. To mainstream gender in governance and public administration, the Division for the Advancement of Women was established in MOHA, and the government approved the National Strategy for the Advancement of Women (NSAW), 2011–2015. To strengthen administrative capacity at the central and subnational levels, the Prime Minister endorsed the new NGPAR, 2011–2015, and a monitoring function was established. To ensure the districts had the capacity to take on this role, the Public Administrative Research and Training Institute (PARTI) was established. The Ministry of Agriculture and Forestry (MAF) trained 170 staff (122 women) from 11 provinces on gender sensitive planning and monitoring and evaluation (M&E) at the district level.<sup>9</sup> Moreover, 679 provincial and district health managers (196 women) were trained on project management skills, peer education, and gender issues in health. To improve service delivery for maternal and child health, 168 health workers and nurses (131 women) from 8 northern provinces were trained.

**13.** Under subprogram 2, the National Leading Committee on NGPAR continued to implement the Strategic Plan on Governance 2011–2020 and promoted gender equality in public administration. Dedicated divisions were established in MOHA to mainstream gender in public administration and to strengthen the capacity of female civil servants. To strengthen the civil service, PARTI drafted a five-year strategic development plan and began training civil servants at all levels of government (30% of which were women). Gender equality was mainstreamed in the training programs, and specific courses on gender responsive planning, budgeting, and human resource management were prepared. MOHA drafted a Prime Minister's decree to guide training and development in the civil service and established a plan for the organizational development of district administrations and ensured that representatives of the Lao Women's Union were members of district development committees. Finally, the National Commission for the Advancement of Women (NCAW) received training to help it implement the NSAW, 2011–2015. Workshops covered the international and national legal and policy frameworks for the advancement of women, and how to conduct gender analysis to promote gender equality.

**14. Project grant.** The project grant did not specify performance targets, but the deliverables were essential to achieving the program's performance targets. These deliverables included:

<sup>8</sup> The medium-term expenditure framework for 2016–2020 was eventually approved by the National Assembly.

<sup>9</sup> Of the 13,477 directors and staff trained by MOES in 2010–2011, 5,551 were female.

(i) reviewing the draft civil service law and supporting the implementation of the civil service law over the medium-term; (ii) analyzing the training needs of civil servants in relation to the new MOHA decree; and (iii) developing a training package for PARTI. In addition, the project grant was to strengthen the capacity of the NCAW to monitor and report progress towards achieving NSAW targets in selected sectors. The project delivered these outputs. The project grant helped promulgate the Civil Servant Law (2016) and decrees covering the technical positions of civil servants (2016), the training and development of civil servants (2017), and the performance and appraisal of civil servants (2017). Advisory papers were prepared to help the government strengthen the civil service, improve public service delivery, promote gender equality, and enhance civil servant management. In addition, a 5-year strategic plan for PARTI was drafted, and curriculum including PFM and gender mainstreaming, course materials, training manuals, and train-the-trainer sessions were delivered. In the second area of focus, a monitoring and evaluation framework for the Third Five-Year National Plan of Action for Gender Equality 2016–2020 was completed and 20 trainers were trained.

15. **Program Performance Targets.** This program output had two performance targets that were retained over the entire program. One was substantially achieved, and one was not achieved. In the first, by 2016, 750 district officials (30% of them women) were to have received training in financial management, personnel management, and service delivery, all of which were to be validated by a post-training survey and evaluation report (2011 baseline: no training plan has been implemented for district officials). This first performance target was substantially achieved. The number of civil servants trained from July 2013 to April 2016 totaled 2,267 (37.5% were women), which was well above the performance target. A topic on gender was included in PARTI's general management and civil servant management courses, incorporating five modules: (i) training approaches and methods; (ii) gender concepts and definitions; (iii) gender mainstreaming; (iv) gender analysis tools; and (v) implementing gender action plans. In addition, a course manual on improving service delivery was produced and incorporated into the general management course for district managers. However, at the end of the program period, PARTI had not yet undertaken a post-training evaluation. For the second performance target, NCAW was to implement a stronger monitoring and reporting capacity (2012 baseline: no training plan adopted). This target was not achieved. With the support of the project grant, a monitoring and evaluation framework and manual for the Third Five-Year National Plan of Action for Gender Equality 2016–2020 was completed. Capacity building activities included both domestic and international workshops. However, neither the action plan nor the monitoring system was institutionalized, the program itself required only monitoring as opposed to tangible achievements and the gender targets in the NSEDP7 could have been more ambitious.<sup>10</sup>

16. **Output 3: Strengthening investment management capacity in the public sector for private sector investments and identifying potential public–private partnership arrangements.** This output was achieved. Under subprogram 1, the Ministry of Natural Resources and Environment (MONRE) was established as a new ministry with a mandate to strengthen land governance and streamline overlapping responsibilities within government. To provide MONRE with the necessary capacity, 101 staff from MONRE and line agencies in 3 provinces and 9 districts were trained on social safeguards (including gender issues in resettlement). Concurrently, the government adopted the revised Technical Guidelines on Compensation and Resettlement of People Affected by Development Projects. To establish a foundation for greater private sector participation, MPI launched efforts to raise awareness for PPP and circulated the draft PPP policy paper. Under subprogram 2, the government improved

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<sup>10</sup> For example, only 15% of important posts in government were to be held by women, and there were no specific targets for women in leadership and management development programs.

the policy and legal framework governing oversight of land concessions and trained relevant officials at the central, provincial, and district levels. This training covered appraisal techniques to screen, award, and monitor investment proposals, including those containing land concessions. MPI developed and disclosed the Initial Conceptual Framework for Development of PPPs in the Lao PDR on its website, including a tentative road map for PPP reforms in 2014–2016. MPI developed and conducted stakeholder consultations on the draft Prime Minister Decree on PPPs and adopted a schedule for its approval.<sup>11</sup> Finally, MOH and MOES established PPP committees and developed business cases for two health and two education sector PPP projects. Gender guidelines and checklists were also developed which required a gender expert for each project.

17. **Project grant.** The project grant did not specify performance targets, but the deliverables were essential to achieving the program's performance targets. These deliverables included: (i) assess and improve the implementation and management of state concessions; and (ii) establish the required enabling environment (e.g., policy, legal, and regulatory) for PPPs, including capacity development and project advisory. Both goals were achieved. The project assessed the regulatory regime governing state land leases and land concessions and identified gaps and problems. A draft revised state land lease, and a draft application for state land leases by foreign investors were completed along with relevant implementing regulations. Training was provided to staff at all levels to help them regulate land management and investment. However, the policy and legal framework governing oversight of land concessions was not adopted by the government by the end of the P3F in 2016, as anticipated. As such, the training could not be fully implemented as intended. The second area of focus provided an enabling environment for PPPs. The project grant delivered a PPP policy paper, and a proposed decree on PPP. Operational guidelines for a project preparation facility were completed and an informal PPP unit was created.<sup>12</sup> A draft PPP manual was prepared, as well as guidelines for PPPs in the health and education sectors. Model bidding documents were completed, and four PPP pilot projects were proposed; two each in the health and education sectors. Business cases and sample gender action plans were completed.<sup>13</sup>

18. **Program Performance Targets.** This output had two performance targets that were retained over the entire program. Both were achieved. For the first, by 2016, a PPP framework was to be developed (2012 baseline: No PPP framework exists). For the second performance target, 70 national and provincial MAF, MONRE, and MPI staff were to be trained on appraisal techniques (financial and economic analysis, including social, gender, and risk assessments) to screen, award, monitor, and oversee contracts and concession agreements for state lands (2012 baseline: 15 MAF, MONRE, and MPI staff trained). By the end of the program, a PPP policy framework had been established, including a manual and implementing rules, and a PPP unit was established in MPI. In addition, four feasibility studies for PPP pilot schemes were completed and the draft PPP Decree was being reviewed by the Ministry of Justice before submission to the Prime Minister for approval. However, these key reforms, while implemented, were not fully effective by the end of the P3F in 2016, as anticipated.<sup>14</sup> Thus, the institutional capacity of the government to self-administer PPP projects was not attained which likely delayed investment in

<sup>11</sup> The decree was to cover the government's policy and principles for PPPs, including the institutional set-up, project preparation support arrangements, investor selection procedures, treatment of unsolicited proposals, government support options and mechanisms, and mainstreaming of gender considerations in PPPs.

<sup>12</sup> This unit served as a precursor to a formal PPP unit in MPI pending approval of the PPP Decree. Subsequently, a formal PPP Unit was established in 2018.

<sup>13</sup> Masterplan scoping and feasibility studies were completed for two PPP projects for student dormitory accommodation in technical and vocational education and training (TVET) colleges and universities in Vientiane.

<sup>14</sup> The PPP legal and policy framework was not finalized and adopted, PPP units were not established in MPI, MOES, or MOH, and preparatory PPP project analysis was not fully completed.

health and education infrastructure. In turn, this probably held back some of the health and education expenditures required in the higher order impact targets. For the second performance target, 98 MAF, MONRE, and MPI staff (of which 42, or 43% were women) had been trained on state land leases and concession models, contract management, environmental and social impact assessments, financial analysis for investment proposals and negotiating investment contracts. This training also included the appraisal techniques specified in the performance target. Furthermore, gender screening guidelines were prepared largely in line with ADB guidelines, including the ADB recent publication, “Gender Guidelines for PPPs” (May 2014).

### **C. Program Costs and Financing**

19. The loan amounts for subprogram 1 and subprogram 2 were \$10 million (a \$2.5 million policy-based loan and a \$7.5 million policy-based grant) and \$15 million, respectively. Subprogram 1 also included a \$6 million project grant. The size of the program reflected the government’s financing needs, the strength of the reform program, and secondarily, the costs of implementation.<sup>15</sup> At the time of subprogram 1, the fiscal deficit had narrowed to 1.9% of GDP in 2011 from 4.1% in 2010. Nevertheless, the government’s financing needs remained high, with gross external borrowings estimated at \$218 million. At the time of subprogram 2, the government’s total gross borrowing requirement was estimated at \$290 million. The budget deficit had risen from 1.5% of GDP in 2012 to 5.8% of GDP in 2013. While originally expected to decline, projections indicated the budget deficit would remain large at 4.2% of GDP in 2014 followed by a budget deficit of 4.4% of GDP in 2015.

### **D. Disbursements**

20. Both subprograms were disbursed in single tranches at the request of the government. Subprogram 1 became effective on 7 December 2012, and the \$2.5 million policy-based loan and \$7.5 million policy-based grant were disbursed on 10 December 2012. The \$15 million loan for subprogram 2 became effective on 23 December 2014 and was disbursed on the same day. However, the \$10 million project grant suffered from disbursement delays. The original projection of contract awards (figure 5.1) is considered reasonable, with actual awards adhering closely to the original estimates. However, disbursements were much slower than expected, causing a delay in project completion of almost three years. These delays were due largely to a lack of absorptive capacity within the government, and a tedious and lengthy process through which proposed laws and regulations, and even operational guidance such as training curriculum, must pass. For example, the existing procedure for course development and approval requires many rounds of pilots and extensive consultations before the course manual is submitted to the Minister of MOHA for formal approval and subsequent use. Similarly, the time and effort to formulate decrees and policies was significantly underestimated. To prepare the PPP Decree for adoption, the formulation, consultation, and regulatory impact assessment processes took about two years to conduct, and more than 16 workshops were required to socialize the concepts.

### **E. Program Schedule**

21. The programmatic approach and subprogram 1 were approved on 27 September 2012 and became effective on 7 December 2012. Subprogram 2 was approved on 3 December 2014 and became effective on 23 December 2014. The program period covered January 2010 to September 2014. Subprogram 1 covered January 2010 to July 2012 and the policy-based loan and grant were closed on 31 March 2013. Subprogram 2 covered August 2012 to September

<sup>15</sup> ADB. 2013. *Policy-Based Lending. Operations Manual*. OM D4/BP. Manila.

2014. ADB's Board of Directors approved the loan on 3 December 2014, and it was closed on 30 June 2015. However, the project grant, which was originally scheduled to close on 31 July 2016, did not close until 31 October 2018, and was not financially closed until 15 April 2020. The project grant was extended four times: (i) on 11 July 2016 for one year to finalize deliverables for output 3 and to interlink the activities of output 1 to a newly approved ADB TA project;<sup>16</sup> (ii) on 27 January 2017 for one year to add the preparation of PPP feasibility studies and to better coordinate with ADB's Asia Pacific Project Preparation Facility; (iii) on 16 August 2018 for two months to accomplish activities identified in the previous request for extension; and (iv) on 24 June 2019 to allow additional processing time for the procurement of the vehicle for the MPI as the withdrawal application was submitted while the project was still active.

## **F. Implementation Arrangements**

22. The executing agency for the program was the MOF. A program steering committee, chaired by the vice-minister of finance, oversaw the implementation of the program, and provided overall guidance. The MAF, MONRE, MPI, MOH, MOHA, MOES, NCAW, and SAO were the implementing agencies for subprogram 1. The SAO, EPFC, MOHA, NCAW, MAF, MONRE, and MPI were the implementing agencies for subprogram 2. The large number of implementing agencies reflects the wide coverage of the program. In fact, each of the outputs could easily have supported a standalone substantive program on its own.<sup>17</sup> While the government's monitoring systems were generally capable, they were unable to administer such a complex, wide-ranging engagement, and this likely limited the overall achievements of the program.

## **G. Technical Assistance**

23. The program was also supported by a standalone TA grant to sustain the reforms under the post-program partnership framework (P3F) (footnote 16). The TA was approved on 18 December 2015 for \$1,000,000, financed by TASF (\$735,000 from TASF-V, and \$265,000 from TASF-other sources). The TA became effective on 30 March 2016 and had an expected completion date of 30 November 2020. The impact of the TA is enhanced effectiveness of public governance and administration in the Lao PDR. The outcome is a strengthened policy-based budgeting system. There are three outputs: (i) improved budget management capacity of the MOF and key line ministries; (ii) formula based fiscal transfer arrangement gradually adopted and implemented; and (iii) legislative oversight of public finance strengthened. The TA will deepen budget reforms and support associated activities resulting from the revised Budget Law and build a platform for the next phase of ADB's policy-based support for PSM. The TA will be evaluated through a standalone TA completion report after it is closed in January 2021.

## **H. Consultant Recruitment and Procurement**

24. Consultants procured under the grant were selected by ADB, but contracts were signed and administered by MOF. The firms were engaged using the quality-and-cost-based selection method at 80:20 ratio, in accordance with ADB's Guidelines on the Use of Consultants (2010, as amended from time to time). For output 1, a firm was engaged for 80 person-months, comprising 32 person-months of international and 48 person-months of national inputs, to develop a medium-term expenditure framework at the ministry level and in selected sectors, and to strengthen

<sup>16</sup> ADB. 2015. [\*Technical Assistance to the Lao People's Democratic Republic for Support for Governance and Capacity Development\*](#). Manila.

<sup>17</sup> For example, ADB has already proceeded with a focused TA project for MOF to further develop and apply a medium-term expenditure framework and intergovernment fiscal transfers in key sectors.

systems for intergovernmental financial transfers. For output 2, a firm was engaged for 72 person-months, comprising 24 person-months of international inputs and 48 person-months of national inputs, to help MOHA strengthen PSM with a focus on civil service policy and training. An international project coordinator was also engaged for 75 person-months. For output 3, a firm was engaged for 46 person-months, comprising 28 person-months of international inputs and 18 person-months of national inputs, to develop an institutional framework and enabling environment for PPP. A firm was also engaged for 5 months to conduct a feasibility study for a pilot PPP project. All consultants were rated satisfactory.

## **I. Gender Equity**

25. Both subprograms were classified as effective gender mainstreaming. At completion, the program is rated successful in delivering gender equality results. Out of 14 gender activities and 4 gender targets, the program achieved all 4 targets (100%) and 13 of the 14 activities (93%). Sex-disaggregated data was collected to support performance monitoring and evaluation. The government approved the NSAW 2011–2015 and the Five-Year Strategy for the Advancement of Women in the Agriculture and Forestry Sector, 2011 to 2015. MOHA subsequently formulated a draft Governance Strategy 2020 along with a complementary strategy to promote gender equality. The program strengthened the NCAW, and its capacity for monitoring and reporting. In addition, MOHA received assistance to build the capacity of civil servants in gender sensitive planning, resource allocation, and service delivery, and to support gender sensitive human resource development at the provincial and district levels. A gender survey conducted in MOHA provided inputs for formulating the MOHA gender action plan and the gender mainstreaming training manual. In addition, a gender mainstreaming course was prepared, 12 gender trainers were trained, and a topic on gender was added to PARTI's general management course and civil servant management course. Gender responsive targets and actions were mainstreamed into the PPP process and used in the due diligence undertaken to support the preparation of several use cases for proposed PPP projects. While a code of conduct for civil servants and a gender action plan were drafted, they were not finalized during the program period because of the need for more consultation among different sectors. Additional details are in Appendix 9.

## **J. Safeguards**

26. Subprograms 1 and 2 were classified as category C for involuntary resettlement, impact on indigenous peoples, and impact on the environment.

## **K. Monitoring and Reporting**

27. ADB assessed the MOF's financial management and procurement capacity as adequate. Organization and staff capacity, information management, and procurement practices were rated low risk. However, effectiveness and accountability were rated medium risk. To further improve the capacity of the MOF and implementing agencies, counterpart staff attended training on ADB project implementation. MOHA was also provided with a project coordinator (engaged under the project). However, during project implementation, the MOF did not consistently submit detailed annual project financial statements (APFS), audited by the SAO, within 6 months after the end of each fiscal year. An APFS was not submitted for fiscal year 2013 as loan effectiveness was late in the year, and disbursement activity was limited. The APFS for fiscal year 2014 was received 4.8 months late; and the APFS for fiscal year 2015 was submitted 5.7 months late. These statements were eventually published. The end-of-project APFS, covering 18-months over 2018–2019, was received on 4 August 2020. Overall, these delays were due to a lack of capacity.

28. The programmatic approach and the associated grants included affirmative covenants attached to the loan agreements. The use of affirmative covenants encourages the borrower to perform specific functions in both actual and possible situations. As a result, compliance is not always physically demonstrated, but evidence indicates broad compliance with all covenants except those that require the timely submission of APFS. As noted above, the APFS for fiscal years 2014 and 2015 were submitted late but were eventually published.

### III. EVALUATION OF PERFORMANCE

#### A. Relevance

29. Overall, the program was well targeted. The NSEDP7 was adopted to increase resources available for services by facilitating a gradual transition to a private-sector-led market economy. To facilitate this transition, the government launched the PFMSP (footnote 3) to strengthen the government's core PFM subsystems. Within this framework, the government and ADB launched the program and aligned its objectives with those of the NSEDP7. The program sought to improve the government's capacity to budget scarce resources over multi-year timeframes, strengthen the capacity of the civil service, and encourage greater participation by the private sector in long term investments. In addition, the program was consistent with ADB's CPS, 2012–2016, which focused on inclusive and sustainable economic growth and poverty reduction.

30. Nevertheless, despite being strategically appropriate, the loans and grant were considered *less than relevant*. First, the program attempted to address too many complex challenges simultaneously when a sequenced approach would have been more effective. For example, any one of the three individual reform areas would have supported a stand-alone programmatic approach as the contemplated changes to the legal and operational frameworks were significant and did not account for the extended timelines required for government decision making. Moreover, capacity development should have preceded complex PFM reforms. With adequate capacity and more deliberately sequenced PFM reforms, the government would have had a foundation for increasing private sector participation through PPPs. Likewise, the duration of the programmatic approach was too short given the scale of the targeted improvements. While the linkages from the outputs through the outcome to the impact were reasonable, the impact targets themselves were too ambitious viewed against the limited capacity and ground realities. In effect, the government was expected to cut the poverty rate in half in a relatively short timeframe despite the historically slower pace of progress. To meet the impact targets for health and education, spending on both needed to double in the face of substantial budget deficits, and health infrastructure needed to be improved using PPPs. However, the concept of PPPs was relatively unknown at the start of the program, meaning significant efforts would have been needed to promote the required culture change in procurement.

31. Similarly, the project grant is considered *less than relevant*. While the grant was strategically targeted and the tangible outputs were appropriate to the objectives, the scope of the grant also failed to recognize the extended timelines necessary to gain the formal approval and implementation of policy initiatives and training programs. This compromised the ability of the policy-based loans/grant to cement and institutionalize some of the key policy outputs, which in turn caused the program to miss its higher-order targets. In addition, the capacity building provided was quite limited, especially given that most of the concepts being introduced were new.

#### B. Effectiveness

32. The project grant is considered largely effective as key deliverables were completed as



planned with deviations triggered by specific government requests. A government-wide medium-term budget framework (2010–2020) was prepared, and a medium-term budget framework was completed for two pilot ministries: the MOH and MOES. The Civil Servant Law was promulgated, and decrees were provided to bolster the competencies of civil servants. A civil service training institute was established (PARTI), including a course curriculum and training materials. Finally, a draft revised state land lease manual was completed, and a basic PPP framework was developed.

33. However, the policy-based loans and grant, and the program overall are considered *less than effective*. The performance of the loans and grant against output indicators was relatively successful as four out of six performance targets were achieved or substantially achieved, while only two were not achieved. However, the program was not as effective in achieving the higher-order outcome indicators; one target was not achieved, one was substantially achieved, and one was achieved. In the first, a civil service training institute was to be established with 50% staffing, an adequate budget, and a well-formulated annual training plan (2011 baseline: civil service training institute established). For the second, a civil servant management system was to be created (2011 baseline: draft civil service management system in place). For the third, increased budget support was to be provided by MOF to at least 70 districts (2011 baseline: 35 districts receive block grants through the District Development Fund (DDF)).

34. PARTI was not made fully operational as originally anticipated and therefore this first performance target was not achieved. PARTI has been constrained by the lack of training budget (\$13,750 in 2015/2016 and only \$18,400 in 2016/2017) and inadequate staffing. There are 21 staff, of which 7 are women (36%), but this is less than the target of 25 staff. The Civil Servant Training and Development Decree and the Civil Servant Development Strategy 2025, which would have provided the strategic directions for PARTI's training priorities, were not completed until mid-2016. As a result, well-formulated annual training plans were not delivered which reduced the government's ability to achieve higher levels of competency in the civil service. The second performance target was substantially achieved. The second target was substantially achieved. A legal framework governing the management and development of civil servants, was approved as follows: Civil Servant Law (2016) and Decrees on: (i) Technical Positions of Civil Servants (2016); (ii) Training and Development of Civil Servants (2017); and (iii) Performance Appraisal of Civil Servants (2017). A job description manual was also completed. However, many of these instruments were adopted late in the program, and the code of conduct and gender action plan, while drafted, were not finalized during the program period. The third performance target was achieved. Increased budget support was provided to the districts. During the first phase of the DDF, which ended in 2011, 35 districts in 5 provinces received block grants through DDF. In the second phase, from 2012 to 2015, another 53 districts in 7 provinces were supported by DDF.

### **C. Efficiency**

35. The policy-based loans and grant are considered *efficient*. Both subprograms were presented to ADB's Board of Directors in the timeframe planned (26 months apart) and without significant modification. Subprogram 1 was declared effective early, on 7 December 2012, and was disbursed on 10 December 2012. Subprogram 2 was declared effective on 23 December 2014 and disbursed that same day. Subprogram 1 (loan and policy-based grant) closed as anticipated on 31 March 2013. Similarly, subprogram 2 closed as anticipated on 30 June 2015. However, the project grant is considered *less than efficient* as it experienced substantial delays and required four extensions. The actual closing date of 31 October 2018 was more than 2 years beyond the scheduled closing date of 31 July 2016. Financial close was not completed until 15 April 2020. These delays were due largely to a lack of absorptive capacity within the government, and lengthy approval processes (para 20).

## D. Sustainability

36. Despite its somewhat limited achievements, the policy-based loans/grant and project grant are considered *likely sustainable*. On a micro level, several key initiatives were not fully implemented, which reduces the program's sustainability. For example, PARTI remains only partly operational. Therefore, the capacity of the civil service to implement and sustain the more complex multi-year budgeting and national-local funding transfers has not fully materialized. Similarly, the PPP legal and policy framework was not finalized and formally adopted during the program period, PPP units were not established in MPI, MOES, or MOH, and preparatory PPP project analysis was not fully completed. Nevertheless, the program did provide a solid framework for strengthening PFM. The legal framework, including the revised Budget Law, Local Administration Law, and Civil Servant Law have been promulgated and Sam Sang was rolled out nationally as part of the NSEDP 2016–2020. The government has also continued to build on the PPP framework. Moreover, clear lessons learned have informed ADB's ongoing engagements. In particular, programs are now more closely coordinated, and divisions of labor more clearly delineated between development partners. Programs are also being sequenced and more narrowly focused to address foundational and pressing issues (e.g., contingent liabilities) before more complex concepts such as PPPs are introduced. This increases the impact of the programs, reduces the implementation burden on the government and ensures TA resources are adequate. Finally, the failure to realize progress against stated development goals led to a change in government in 2016 and this has increased the level of, and quality of the engagement.

## E. Development Impact

37. The consolidated development impact is considered *satisfactory*, with the program having a positive longer-term impact on poverty and health outcomes. There were two primary impact indicators to be achieved by 2018. In the first, the proportion of the population living below the poverty line was to be reduced to 10% (Baseline: 27.6% in 2007–2008), and the maternal mortality rate was to be reduced to 150 deaths per 100,000 live births (Baseline: 580 per 100,000 in 2008). These targets were achieved. In 2018, the government reported the proportion of the population living below the poverty line of \$1.90/day had declined to in 2018. In addition, the maternal mortality rate had declined to 72 deaths per 100,000 live births.<sup>18</sup> Finally, the program targeted a doubling of budget allocations to improve education and health outcomes (2008–2009 baseline: public spending on education and health totaled 4%–5% of GDP). This target was partially achieved. In 2009, Spending on health and education aggregated Kip2.1 trillion and represented 20.3% of total expenditures. By 2018, spending on health and education had more than doubled to Kip7.2 trillion, representing 22.7% of total expenditure. However, a lack of fiscal space prevented the government from increasing spending to the targeted level of 8 to 10% of GDP. In summary, the share of health and education expenditures in the budget increased, but the GDP share remained relatively constant as limited growth in revenues constrained fiscal space and the overall scale of public spending. It is also worth noting that the program provided a solid foundation for the launch of PPP projects. Progress in this area is ongoing and may help to overcome constraints associated with fiscal space in future.

## F. Performance of the Borrower and the Executing Agency

38. The performance of the borrower and executing agency – the MOF – is considered *less than satisfactory*. The program did not achieve some of its higher-order performance targets due,

<sup>18</sup> Government of Lao PDR. 2021. [Implementation of the 2030 Agenda for Sustainable Development: Voluntary National Review July 2021](#). Vientiane.

in part, to the slow and cumbersome review and approval processes which led to delays in implementing the policy reforms. Coordination across donors and between agencies was very difficult and the daily routines of staff are given priority over initiatives to implement much needed reforms. Moreover, government policy mandates the frequent rotation of staff, in isolation of everything else, which is a serious constraint to institutionalizing reforms. The borrower and MOF need to identify and execute more efficient delivery channels when implementing time-bound donor funded reform programs, and to change the status quo – if only temporarily – to ensure more effective project implementation.

## G. Performance of the Asian Development Bank

39. The performance of ADB is also considered *less than satisfactory*. The program provided a sound foundation on which ADB could build its continuing engagement with the government. A number of key laws – the revised Budget Law, Local Administration Law, and Civil Servant Laws – were adopted and will anchor the government's efforts to strengthen PSM going forward. However, the scope of the program was far too wide, compromising its ability to achieve tangible and permanent reforms. In addition, ongoing project administration issues, such as coordination and staff rotation in implementing agencies, need to be more forcefully addressed. These issues were also exacerbated by a lack of continuity on the part of ADB. The program saw 5 different project officers over the 6-year implementation period. Going forward, ADB must engage more proactively with the government and strengthen coordinate. Finally, ADB should emphasize the benefits of structured staff succession to the government to ensure continuity in implementing agencies, even beyond the immediate implementation of development partner funded projects.

## H. Overall Assessment

Overall Ratings	
Criteria	Rating
Relevance	Less than relevant
Policy-based loans/grant	Less than relevant
Project Grant	Less than relevant
Effectiveness	Less than effective
Policy-based loans/grant	Less than effective
Project Grant	Effective
Efficiency	Less than efficient
Policy-based loans/grant	Efficient
Project Grant	Less than efficient
Sustainability	Likely sustainable
<b>Overall Assessment</b>	Less than successful
Development impact	Satisfactory
Borrower and executing agency	Less than satisfactory
Performance of ADB	Less than satisfactory

ADB = Asian Development Bank.

Source: Asian Development Bank.

40. Increasing the level of revenue raised by the government, spending it more effectively, and increasing the capacity of the civil service would very have likely led to improved service delivery. The program was also consistent with and supported ADB's CPS, 2012–2016. However, the program is rated as *less than successful*. The program was considered *less than relevant* due to the overly wide scope and underappreciation of the time needed to implement such significant reforms and changes in culture, and the use of very high level and overly optimistic performance targets at the impact level. Further, the program is considered *less than effective*. Completion of

lower-order outputs only partially translated into higher-order outcome and impacts due primarily to a limited ability to institutionalize policy reforms in a timely manner. The program is considered *less than efficient* as the project grant ran 2 years past its expected close date, and APFS were not submitted in a timely manner. Nevertheless, the program is considered *likely sustainable*. The program did provide a solid framework for strengthening PFM, and clear lessons learned have informed ADB's ongoing engagements which exhibit improved focus, sequencing, and coordination. Finally, the performance of the borrower and executing agency, and ADB are both considered *less than satisfactory*. The borrower and MOF encountered project administration issues, while ADB designed an overly wide scope for the program and was too optimistic regarding what could be achieved within the limited timeframe and resource envelope.

#### IV. ISSUES, LESSONS, AND RECOMMENDATIONS

##### A. Issues and Lessons

41. **Scope of the program.** The overarching focus of the program was on increasing resources available to the government, while at the same time instituting a whole-of-government PFM upgrade and encouraging the private sector to invest more. This scope, while well-intentioned, was far too wide and ambitious. Each of these objectives can support a standalone engagement requiring substantial resources in terms of TA and capacity building. In addition, the impact targets were very high level, making attribution difficult, and overly ambitious.

42. **Limited absorption capacity.** There are two distinct lessons. First, technically challenging concepts such as multi-year budgeting and PPPs (e.g., value for money) are difficult to absorb and implement even in the best of circumstances. In the Lao PDR, the civil service receives little training, and many staff do not have backgrounds in finance or economics. Proper sequencing would have dictated a focus on the basics of PFM, including project evaluation, debt management and managing contingent liabilities before introducing a complex topic such as PPPs. Second, given the long gestation periods necessary to institutionalize concepts such as PFM and PPPs, and the low capacity of the civil service, continuity in counterpart staff is paramount. The frequent staff rotations common to government ministries needs to be curtailed, at least temporarily, as it compromises the government's ability to institutionalize the reforms. This practice cannot be mitigated by increasing the amount of TA.

43. **Project management.** There was no formal coordination mechanism for project planning and implementation. The government did not consistently align the day-to-day duties and functions of staff with the required inputs and outputs of the program. While ADB can adopt some mitigating measures, such as aligning technical inputs with those goals of immediate relevance to the implementing agencies, this is not a permanent or workable solution. In effect, government coordination and commitment must be strengthened. Daily routines must encompass the implementation of reforms that are dependent on scarce donor-funded resources.

44. **Donor and interagency coordination.** Several donor agencies were supporting the MOF, but there was no effective coordination mechanism to exchange information, manage overlaps, and ensure harmonization between the consultancy teams. Moreover, coordination between government counterpart agencies was limited. When developing a policy or legislation, each department worked on its own to produce a draft, which was then presented in a workshop where the various versions were merged. The resulting knock-on effect on the timing of project implementation was considerable. Stronger coordination with development partners, and between government agencies is necessary to optimally utilize scarce TA resources.

45. **The legislative and rules making process.** The length of the rules making process in the Lao PDR had been recently impacted by the introduction of a regulatory impact assessment process, and the effect of this change was significantly underestimated. For example, it took about two years and more than 16 workshops to prepare the PPP Decree for adoption. Similarly, developing training courses is long and costly with even short in-service training courses requiring several rounds of pilots and consultations, actions typically reserved for longer training courses oriented around a certification process. This can be partially mitigated by ADB through longer TA implementation periods but should be matched by streamlined government approval processes.

## B. Recommendations

46. Given the nascent state of PSM in the Lao PDR, future support should be targeted to discrete sectors rather than one large multi-sector program. If many sectors are included, care should be taken to choose those sectors which are related and additive, and the performance targets should be set carefully subject to the capacity of the implementing and executing agencies. For example, ADB has already launched a TA project that is tightly focused on developing and applying a medium-term expenditure framework and inter-government fiscal transfers in key sectors.<sup>19</sup> In addition, future programs should incorporate a manageable number of stakeholders. If multi-agency projects are contemplated, a government-led coordination body should be identified and provided with a sufficient mandate to require coordination and singular outputs across the group. Moreover, project officers should seek a strong and multi-faceted commitment from the government that project activities will be put on an equal footing with day-to-day business. Similarly, employees receiving comprehensive training should not be transferred until that training is institutionalized or passed to a successor. To achieve these objectives, there must also be more stability within ADB's project teams. Finally, it is important to appreciate the scale of changes required to increase private sector involvement in infrastructure and service delivery. The contemplated reforms required a significant change in mindset, such as competitive bidding and value for money on PPP projects. If this mindset has not been established within the project champions, it is unlikely the project will be successful.

47. **Future monitoring.** The P3F covered policy dialogue during 2015–2016 and has therefore expired. While continued engagement is recommended, no additional monitoring of this specific program is necessary.

48. **Further action or follow-up.** Under the program, many new laws and regulations were adopted. To ensure effective implementation of these laws and regulations, follow-on TA will be required (footnote 17). The implementation of PPPs is stymied by the limited capacity of the civil service and the national budget's limited ability to absorb related payments (e.g., viability gap funding). Instead, PPPs could be more effective on a project-by-project basis with development partner support for both the technical and financial aspects (viability gap payments or backstopping contingent liabilities) of the projects. Finally, the Lao PDR, and other lower-income countries, would benefit from an internal institutional training organization such as PARTI. Assistance should focus on Institutionalizing strategic governance, curriculum development and delivery, and management capacity to ensure the continuity of the training.

49. **Timing of the project performance evaluation report.** The P3F period has lapsed so the project performance evaluation report can be scheduled and completed at any time.

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<sup>19</sup> ADB. 2018. *Strengthening Domestic Resource Mobilization Revenue Modeling under Domestic Resource Mobilization Trust Fund*. Manila.

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Indicators and Targets	Achievements
<p><b>Impact</b> Improved delivery of key public services</p>	<p><b>By 2018:</b> Proportion of population living below poverty line reduced to 10% of the population (MDG 1), and maternal mortality rate reduced to 150 deaths per 100,000 live births (MDG 5).</p> <p>Baseline: MDG 1 (27.6% in 2007–2008); MDG 5 (580 per 100,000 in 2008).</p> <p>Budget resources to ensure improved education and health outcomes doubled, especially for the reduction of mortality rates for children under 5 years old and to increase gross secondary enrollment ratio and adult literacy rate.</p> <p>(2008–2009 baseline: public spending on education and health totaled 4%–5% of GDP)</p>	<p><b>Achieved.</b> The Government of the Lao PDR reports that the proportion of the population living below the international poverty line (\$1.90/day) declined to 8.6% in 2018. In addition, the government reported that the maternal mortality rate declined to 72 deaths per 100,000 live births. (Source: Voluntary National Review of the Implementation of the 2030 Agenda for Sustainable Development [July 2021]).</p> <p><b>Partially achieved.</b> In 2009, Spending on health and education aggregated Kip2.1 trillion and represented 20.3% of total expenditures. By 2018, spending on health and education had more than doubled to Kip7.2 trillion, representing 22.7% of total expenditure. However, a lack of fiscal space prevented the government from increasing spending to the targeted level of 8 to 10% of GDP. In summary, the share of health and education expenditures in the budget increased, but the GDP share remained constant as limited growth in revenues constrained fiscal space and the overall scale of public spending. (Source: Ministry of Finance. 2020. State budget implementation: 2018.)</p>
<p><b>Outcome</b> Strengthened national and subnational public sector management.</p>	<p><b>By the end of 2016:</b> Civil service training institute functions efficiently with 50% of staff recruited and adequate budget and is implementing a well-formulated annual training plan.</p> <p>(2011 baseline: civil service training institute not established)</p>	<p><b>Not achieved.</b> PARTI is operational with 21 staff, of which 7 are female (36%). PARTI estimates that it requires 50 staff to function fully, however, given the government's budget constraints, staff number has increased slowly (by about 1 or 2 staff per year). In addition, "well-formulated" annual training plans have not been completed. PARTI has been able to run very few training courses as its allocated annually training budget from the Government is very small. PARTI's annual training plans are severely constrained by the budget available (the training budget for PARTI was \$13,750 in 2015/16 and only \$18,400 in 2016/17). Also, the Civil Servant Training and Development Decree and the Civil Servant Development Strategy 2025, which would have provided the strategic directions for PARTI's training priorities, were not completed until mid-2016.</p>



Design Summary	Performance Indicators and Targets	Achievements
<p><u>Project</u> Component 1. Develop a medium-term expenditure framework (MTEF) at the MOF level.</p> <p>Component 2. Strengthening policies and systems of inter-governmental financial arrangement.</p> <p><b>Output 2: Civil service capacity at central and subnational levels, including gender responsive capacity strengthened.</b> <u>Policy-based loans/grant</u></p>	<p>Further strengthen capacity to develop medium-term expenditure framework (MTEF) at the MOF level, and in selected sectors (health, education, and agriculture).</p> <p>a) Review of intergovernmental fiscal transfers along two dimensions: (i) general allocation/unconditional transfers and (ii) conditional transfers. b) Suggest policy recommendations for the establishment of unconditional equalization grants. c) Simulate demand for designing transfers based on population; (ii) area; (iii) and equalization mechanism and discuss with relevant government counterparts. d) Propose setting up a formal body responsible for institutional coordination of intergovernmental fiscal policy. e) Socialization and capacity building of the national and local administrations on the new systems developed.</p> <p>By the end of 2016: 750 district officials (30% of them women) benefited from training in financial management, personnel management, and service delivery which is validated by a post-training survey and evaluation report. (2011 baseline: no training plan has been implemented for district officials)</p>	<p>provincial assemblies. Therefore, project outcomes were limited to the delivery of position papers, capacity building and road maps on inter-government fiscal transfers.</p> <p><b>Achieved.</b> Component 1 started in 2013 and was completed in 2015. The main activities undertaken in Output 1 were:</p> <ul style="list-style-type: none"> <li>• Prepared a Medium-Term Budget Framework based on an analysis of budget characteristics, assumptions, and projections.</li> <li>• Prepared a manual and carried out training on the Lao Integrated Macroeconomic Coordination Framework for MOF and selected line ministries.</li> <li>• Conducted sector analysis and designed a MTEF framework aligned with the priorities of MOH and MOES.</li> </ul> <p><b>Partially achieved.</b> Component 2 started in 2013 and was completed in 2015. However, a formula-based intergovernmental transfer mechanism was not delivered. At the request of the government, the main activities undertaken in Output 2 were modified as follows:</p> <ul style="list-style-type: none"> <li>• Undertook a review and consultation on inter-government financial policies and systems, including a diagnostic study of Sam Sang.</li> <li>• Provided policy advice through a position paper and road map on institutionalizing formula based fiscal transfers.</li> <li>• Conducted training workshops on fiscal decentralization and fiscal transfers systems for MOF and selected line ministries.</li> </ul> <p><b>Substantially achieved.</b> The number of civil servants trained from July 2013 to April 2016 totaled 2,267, of which 37.5% were women. The total number of trainees from districts was 1,137, of which 38% were women. A topic on gender was included into PARTI's General Management course and Civil Servant Management course. The coverage was divided into five modules which covered training approaches and</p>



Design Summary	Performance Indicators and Targets	Achievements
<p><u>Project Component 1</u> The project support to MOHA will focus on civil service policy, training, and capacity development in strengthening public sector management.</p>	<p>Monitoring and reporting capacity of the National Commission for the Advancement of Women strengthened  (2012 baseline: no training plan adopted)</p> <p>a) Review the draft civil service law, and support its implementation; b) Prepare background papers and undertake research; c) draft a civil service development master plan and assist in its implementation; d) build awareness of the civil service law and master plan; e) support MOHA and the Public Administration Research and Training Institute on gender sensitive human resource</p>	<p>methods (how to plan and deliver a gender course), gender concepts and definitions (concepts), gender mainstreaming (gender analysis, budgeting, and “how to” in Lao), gender analysis tools (check lists, questionnaires and focus groups), and gender action plans (output maps, implementation and monitoring). In addition, a course manual on improving service delivery was produced and incorporated into the General Management course for district managers. However, at the end of the program period, PARTI had not yet undertaken a post-training evaluation.</p> <p><b>Not achieved.</b> The project helped NCAW strengthen its capacity to monitor and report on progress towards NSAW targets. Activities included the following: (i) an initial orientation workshop for MOHA’s DAWMC was presented to the leads of selected ministries and NCAW staff in June 2014; (ii) a workshop on project design planning and budgeting, monitoring and evaluation, coordination and communication was held in January 2015; (iii) a national workshop on M&amp;E was held on 12–16 January 2015, a monitoring and evaluation workshop was held on 11–22 May 2015, and (iv) two NCAW staff attended a 10-day M&amp;E training in Bangkok. However, these accomplishments were largely offset by a failure to institutionalize both the action plan and the monitoring system. In addition, the gender targets in the 7th NSEDP were considered somewhat lax (e.g., only 15% of “important posts in government were to be help by women, and there were no specific targets for women in leadership and management development programs.</p> <p><b>Achieved.</b> The Civil Servant Law 2016 was completed and approved by the National Assembly. A decree on Technical Positions was completed through the final draft.</p> <p>The Civil Servant Development Strategy and the Decree on the Training and Development of Civil Servants were completed in 2016.</p> <p>The following technical papers were completed and delivered; • Paper on Capacity Development (November 2013)</p>

Design Summary	Performance Indicators and Targets	Achievements
	<p>development;</p> <p>f) analyze training needs of civil servants in relation to the new MOHA decree on strengthening local administration in pilot districts, and develop a training package;</p> <p>g) developing materials for generic district civil service training on financial management, gender sensitive human resource development and personnel management, and service delivery;</p> <p>h) provide training on gender responsive public sector management; and</p> <p>i) provide project management support.</p>	<ul style="list-style-type: none"> <li>• Briefing Paper: The Sam Sang (Three Builds) Reform (December 2013)</li> <li>• Preparing the Lao Civil Service for AEC (December 2013)</li> <li>• Civil Servant Law - Advisory Paper (January 2014)</li> <li>• A Paper Setting Out the Ideas and Components for a MOHA Communication Strategy (April 2014)</li> <li>• Strengthening Civil Servant Management and Development in the Lao Civil Service (July 2014)</li> <li>• Improving Service Delivery (August 2014)</li> <li>• Public Administration Reform - Strengthening the Lao Civil Service 2025, Concept Paper, June 2016</li> </ul> <p>In addition, a 5 Year Strategic Development Plan for PARTI was drafted (2013–2015) and was revised following consultation workshops with PARTI staff. MOHA has also requested PARTI to revise its mandate for the next 10 years (2015–2016).</p> <ul style="list-style-type: none"> <li>• Curriculum Developed (2013-2015).</li> <li>• Public Administration Course, Office Management course and basic Train-the-trainer course were peer reviewed and formally approved by MOHA.</li> <li>• The training manual was completed, piloted and revised. 17 trainers were trained.</li> <li>• A human resource management course for staff in MOHA and provincial DOHA (which includes a Gender and HR module) was drafted.</li> </ul> <p>Curriculum Developed (2015–2016).</p> <ul style="list-style-type: none"> <li>• 2 Train-the-trainer courses conducted.</li> <li>• 3 PFM courses conducted.</li> <li>• General Management course for district level drafted, piloted and evaluated.</li> <li>• Curriculum outline of leadership courses produced.</li> </ul> <p>A gender survey was conducted in MOHA and the findings were used to draft the MOHA gender action plan and the gender mainstreaming manual. The terms of reference for SubCAW and DAWMC in MOHA were written (2013–2015).</p> <p>A series of gender workshops were undertaken to raise awareness and provided initial training to strengthen gender</p>

Design Summary	Performance Indicators and Targets	Achievements
<p>Component 2 Support provided to the National Commission for the Advancement of Women (NCAW) to strengthen its capacity to monitor and report on NSAW targets in selected sectors.</p> <p><b>Output 3</b> <b>Investment management capacity in the public sector for private sector investments and identifying potential PPP arrangements strengthened.</b></p> <p><u>Policy-based loans/grant</u></p>	<p>a) Assess the capacity of NCAW staff at the national level related to monitoring and reporting; b) Consult with selected ministries to set up an MIS framework for monitoring NSAW targets; c) Review NSAW targets and agreements with selected ministry personnel to determine key targets or indicators to be measured; d) Identify a coordination mechanism for sharing data between selected ministries; e) Develop training materials on gender issues in the sectors selected, and set up an MIS system; f) Train NCAW, DAW and Planning staff of selected ministries; g) Help NCAW set up the MIS system; h) Train NCAW and DAW of selected Ministries on reporting on data.</p> <p>By the end of 2016: PPP framework is developed. (2012 baseline: No PPP framework exists)</p> <p>70 national and provincial MAF, MONRE, and MPI staff trained on appraisal techniques (financial and economic analysis, including social, gender, and risk assessments) to screen, award, monitor, and exercise effective oversight of contracts and concession agreements for state lands.</p>	<p>development capacity in MOHA and DOHAs in provinces and districts (2013–2015).</p> <p>The Gender Mainstreaming course was drafted, piloted and revised. 12 potential trainers were trained (2013–2015). A refresher course was undertaken for the gender trainers (2015-2016).</p> <p><b>Achieved.</b> A monitoring and evaluation framework for the Third Five Year National Plan of Action for Gender Equality 2016–2020 was completed. A manual on the monitoring and evaluation framework was completed and 20 trainers were trained.</p> <p>Specific deliverables completed included;</p> <ul style="list-style-type: none"> <li>• an initial orientation workshop during which MOHA's DAWMC was presented to the leads of selected ministries and NCAW staff in June 2014;</li> <li>• a workshop on project design planning and budgeting, monitoring and evaluation, coordination and communication was held in January 2015;</li> <li>• a national workshop on monitoring and evaluation was held on 12 to 16 January 2015, and a second monitoring and evaluation workshop was held on 11–22 May 2015;</li> <li>• two NCAW staff attended a 10-day M&amp;E training in Bangkok.</li> </ul> <p><b>Achieved.</b> A PPP policy framework was established, including a manual and implementing rules, and a PPP Unit was established in MPI. One feasibility study for a PPP pilot scheme had been completed and the draft PPP Decree was being reviewed by the Ministry of Justice before submission to the Prime Minister for approval.</p> <p><b>Achieved.</b> MAF, MONRE, and MPI staff were trained on state land leases and concession models, investment contract management, environmental and social impact assessments, financial analysis for investment proposals and negotiating investment contracts. This training also included appraisal techniques (financial and economic analysis,</p>

Design Summary	Performance Indicators and Targets	Achievements
<p><u>Project</u> Component 1 Investment management capacity strengthened to enforce and monitor private sector investments in agriculture (state land lease and concession agreements)</p>	<p>(2012 baseline: 15 MAF, MONRE, and MPI staff trained)</p> <p>a) Support an institutional assessment of the current procedures and criteria for implementing the award of state land leases and concessions;</p> <p>b) Provide capacity building to effectively screen investment proposals concerning (a) issues of compensation; (b) resettlement and compensation process; (c) issues relating to land conflicts relating to state land leases or concessions; (d) concession fees, (e) land management and monitoring; and (f) terms of state land leases and concessions;</p> <p>c) Support contract management and enforcement of contracts, including monitoring and supervision arrangements and reporting to ensure adequate oversight;</p> <p>d) Include training focus on (a) a model contract within the wider context of the strategic vision of the Agriculture Development Strategy and Natural Resources and Environment Sector Plan, 2011–2015 and the associated action plan; (b) negotiation skills training; and (c) financial appraisal training;</p> <p>e) Utilize training to identify and</p>	<p>including social, gender, and risk assessments) to screen, award, monitor, and exercise effective oversight of contracts and concession agreements for state lands. Of the 98 participants, 42 (43%) were women.</p> <p>Gender screening guidelines were prepared largely in line with ADB guidelines, including checklists from the Law and Policy Handbook, the Toolkit on MSE and Finance, Gender Checklists on Education and Health, and ‘Tip Sheets’ on Gender Action Plans. Most of the pilot tools were adapted from the ADB recent publication, “Gender Guidelines for PPPs” (May 2014). However, the consulting firm was not convinced that bidders would be made aware of gender considerations in their bids. Successful bidders of future pilot PPPs would be largely accountable only for the output specifications under local content.</p> <p><b>Achieved.</b> The advisory inputs of Component 3 on land lease and concessions were utilized and supported the revision of Decree 135 on state land leases and land concessions (submitted to the Prime Minister for approval in 2018). Financial models for assessing risks, templates and guidance notes were also provided. However, since they were written in 2016, they will need to be updated. MONRE will require additional support to develop new implementation guidelines and improve systems for land surveys, screening investments, analyzing risks, enforcing contract compliance and coordination between relevant ministries over land investment planning, assessment and authorization. The following specific deliverables were completed;</p> <p>Enabling Environment</p> <ul style="list-style-type: none"> <li>• Institutional Assessment of the regulatory regime of State Land Lease and Land Concessions identifying the contradictions, gaps and problems concerning State land concessions and leases was completed;</li> <li>• A draft revised State Land Lease, and a draft Application for Foreign Investors for State Land Leases were completed;</li> <li>• A draft revised Decree No. 135 on State Land Lease and Land Concessions was completed.</li> </ul> <p>Capacity Development</p>

Design Summary	Performance Indicators and Targets	Achievements
<p>Component 2 Support for (i) establishing the required enabling environment for PPPs, (ii) provide institutional capacity development; and (iii) help carry out project development from identification to bidding out a couple of pilot projects in health, education, and agriculture.</p>	<p>suggest proper project documentation; f) Assist in providing legal advice on the application of the Law on Investment Promotion, especially relating to duration of state land leases and concessions.</p> <p>For the Ministry of Planning and Investment: a) develop a policy framework on PPP for the whole country; b) support MPI and draft a decree for PPP and draft the implementing regulations; c) help establish the appropriate institutional framework—a central PPP unit within MPI; d) provide PPP units (within MPI) with templates and manuals; e) support project preparation across sectors; and build capacity.</p> <p>For the Ministry of Education and Sports and the Ministry of Health: a) support PPP initiatives in health and education and build awareness; b) support a rapid assessment of PPP potential in the education and health sectors; c) share international experience in developing the education and health sector through PPP modalities; d) provide technical assistance to build political support; and e) provide technical assistance to identify and develop some bankable PPP models, initially as pilots to serve as models for replication across sectors.</p>	<ul style="list-style-type: none"> <li>• A capacity building plan for training relevant staff at Ministry, Province, and District levels on the roles and responsibilities under the existing Laws and policies regulating land management and investment was completed.</li> <li>• Guidance Notes on Decree 135, Land Fees and Rents, Authority to Sign Leases in Special Economic Zones and Screening Investments at Application Stage were completed.</li> </ul> <p><b>Achieved.</b> A policy framework on PPP for the whole country was completed and endorsed by the government in December 2013.</p> <p>A draft decree for PPP was completed. The initial draft and 2 sets of regulations were delivered in mid-January 2014. However, adoption was delayed until 2016 due to adoption of RIA mid-way through the process which introduced requirements the TA was not budgeted to address.</p> <p>A central PPP unit within MPI was established but after the completion of the TA. Without an approved PPP Decree, the government was unable to establish a formal PPP unit. In the interim, a 9-person PPP office was established within MPI.</p> <p>PPP units (within MPI) with provided with templates and manuals.</p> <p>By the end of the project, 14 workshops were delivered to approximately 500 participants.</p> <p>Project preparation was limited to the health and education sectors.</p>

DDF = District Development Fund, GDP = gross domestic product, MAF = Ministry of Agriculture and Forestry, MDG = millennium development goal, MOF = Ministry of Finance, MOH = Ministry of Health, MONRE = Ministry of Natural Resources and Environment, MPF = medium-term projection framework, MPI = Ministry of Planning, MSE = Micro and Small Enterprise; PARTI = Public Administrative Research and Training Institute, PEFA = public expenditure financial accountability Framework, PPP = public private partnership.  
Source: Asian Development Bank.

**PROJECT COST AT APPRAISAL AND ACTUAL**  
(\$'000)

Grant 0309

	Appraisal Estimate		Actual	
	Foreign Exchange	Total Cost	Foreign Exchange	Actual Cost
<b>A. Investment Costs</b>				
1. Consultants		3,320.42		3,576.21
Output 1	1,036.40		996.61	
Output 2	1,146.64		1,404.88	
Output 3	1,137.38		1,174.72	
				395.26
2. Equipment/Vehicle		290.00		
Output 1	30.00		55.00	
Output 2	230.00		234.76	
Output 3	30.00		105.50	
3. Trainings/Workshops		795.00		867.85
Output 1	45.00		69.73	
Output 2	650.00		638.76	
Output 3	100.00		159.36	
4. Surveys/Studies		1,040.00		647.76
Output 2	40.00		39.74	
Output 3	1,000.00		608.02	
5. Project Management Support Costs		190.00		236.63
Output 1	40.00		11.96	
Output 2	75.00		127.00	
Output 3	75.00		97.67	
<b>Subtotal (A)</b>	<b>5,635.42</b>			
<b>Total Base Cost</b>	<b>5,635.42</b>			
<b>B. Contingencies</b>				
1. Physical	364.58	364.58	0.00	0.00
<b>Subtotal (B)</b>	<b>364.58</b>			
<b>Total Project Costs (A+B)</b>	<b>6,000.00</b>	<b>6,000.00</b>	<b>5,723.71</b>	<b>5,723.71</b>

Source: Asian Development Bank estimates.

## PROJECT COST BY FINANCIER

Table A3.1: Project Cost at Appraisal by Financier (\$'000)

Grant 0309

	ADB		Govt <sup>b</sup>		Total Cost
	Amount	% of Cost Category	Amount	% of Cost Category	
<b>A. Investment Costs <sup>a</sup></b>					
1. Consultants	3,320.42		-		
Output 1	1,036.40	100.00			1,036.40
Output 2	1,146.64	100.00			1,146.64
Output 3	1,137.38	100.00			1,137.38
2. Equipment/Vehicle	290.00		-		
Output 1	30.00	100.00			30.00
Output 2	230.00	100.00			230.00
Output 3	30.00	100.00			30.00
3. Trainings/Workshops	795.00		-		
Output 1	45.00	100.00			45.00
Output 2	650.00	100.00			650.00
Output 3	100.00	100.00			100.00
4. Surveys/Studies	1,040.00				
Output 2	40.00	100.00			40.00
Output 3	1,000.00	100.00			1,000.00
5. Project Management Support Costs	190.00				
Output 1	40.00	100.00			40.00
Output 2	75.00	100.00			75.00
Output 3	75.00	100.00			75.00
Government			500.00	100.00	
<b>Subtotal (A)</b>	<b>5,635.42</b>		<b>500.00</b>		<b>5,635.42</b>
<b>Total Base Cost</b>	<b>5,635.42</b>		<b>500.00</b>		<b>5,635.42</b>
<b>B. Contingencies</b>					
1. Physical	364.58	100.00	-		364.58
<b>Subtotal (B)</b>	<b>364.58</b>		<b>-</b>		<b>364.58</b>
<b>Total Project Costs (A+B)</b>	<b>6,000.00</b>	<b>-</b>	<b>500.00</b>	<b>-</b>	<b>6,500.00</b>

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

**Table A3.2: Project Cost at Completion by Financier (\$'000)**

Grant 0309

	ADB		Govt <sup>b</sup>		Total Cost
	Amount	% of Cost Category	Amount	% of Cost Category	
<b>A. Investment Costs <sup>a</sup></b>					
1. Consultants	3,576.21		-		
Output 1	996.61	100.00			996.61
Output 2	1,404.88	100.00			1,404.88
Output 3	1,174.72	100.00			1,174.72
	395.26				
2. Equipment/Vehicle			-		
Output 1	55.00	100.00			55.00
Output 2	234.76	100.00			234.76
Output 3	105.50	100.00			105.50
3. Trainings/Workshops	867.85		-		
Output 1	69.73	100.00			69.73
Output 2	638.76	100.00			638.76
Output 3	159.36	100.00			159.36
4. Surveys/Studies	647.76				
Output 2	39.74	100.00			39.74
Output 3	608.02	100.00			608.02
5. Project Management Support Costs	236.63				
Output 1	11.96	100.00			11.96
Output 2	127.00	100.00			127.00
Output 3	97.67	100.00			97.67
Government			500.00	100.00	
<b>Subtotal (A)</b>	<b>5,723.71</b>		<b>500.00</b>		<b>500.00</b>
<b>Total Base Cost</b>	<b>5,723.71</b>		<b>500.00</b>		<b>5,635.42</b>
<b>B. Contingencies</b>					
1. Physical	0.00	100.00	-		0.00
<b>Subtotal (B)</b>	<b>0.00</b>		<b>-</b>		<b>0.00</b>
<b>Total Project Costs (A+B)</b>	<b>5,723.71</b>	<b>-</b>	<b>500.00</b>	<b>-</b>	<b>6,223.71</b>

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.



## DISBURSEMENT OF ADB LOAN AND GRANT PROCEEDS

**Table 4.1: Annual and Cumulative Disbursement of ADB Loan Proceeds<sup>a</sup>**  
(\$'000)

Grant 0309

Year	Annual Disbursement		Cumulative Disbursement	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Grant 0309				
2013	594.68	10.39	594.68	10.39
2014	1,277.13	22.31	1,871.80	32.70
2015	865.68	15.12	2,737.50	47.83
2016	1,121.29	19.59	3,858.78	67.42
2017	396.58	6.93	4,255.36	74.35
2018	818.10	14.29	5,073.46	88.64
2019	649.38	11.35	5,722.84	99.98
2020	0.87	0.02	5,723.71	100.00
<b>Total</b>	<b>5,723.71</b>	<b>100.00</b>	<b>5,723.71</b>	<b>100.00</b>

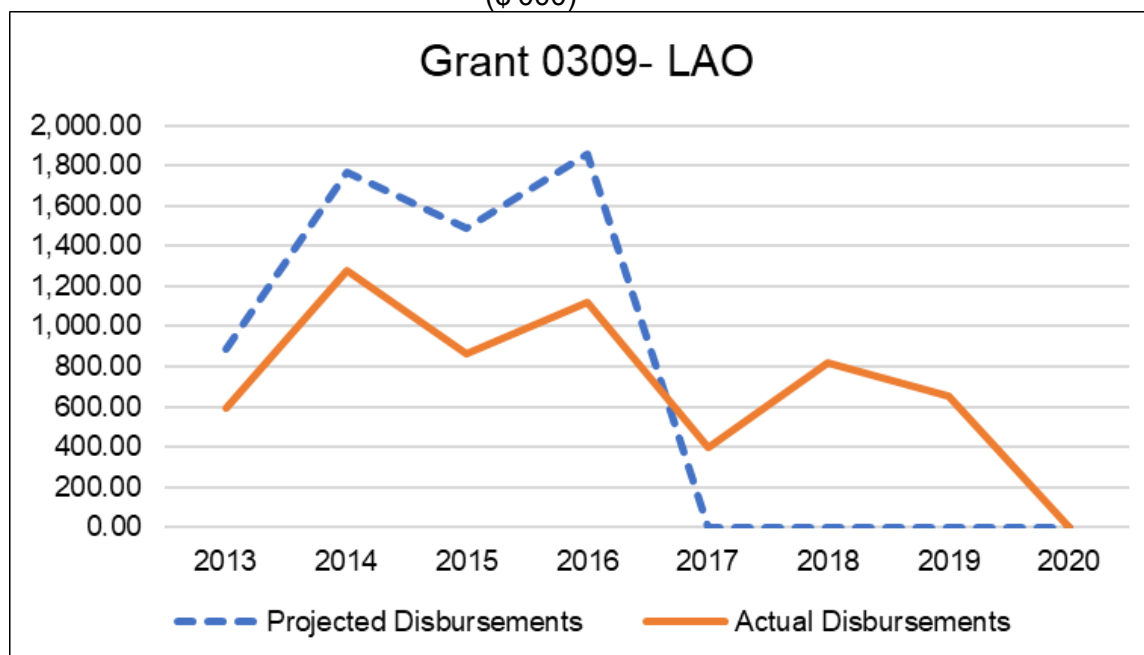
ADB = Asian Development Bank.

<sup>a</sup> Numbers may differ due to rounding off of figures.

<sup>b</sup> The unutilized balance from the advance account amounting to \$49,512.23, which was returned by the Ministry of Finance to Asian Development Bank before the financial close of the project was deducted from the total disbursements.

Source: Asian Development Bank.

**Figure 4.1: Projected and Actual Disbursements of ADB Loan Proceeds**  
(\$'000)



## CONTRACT AWARDS OF ADB LOAN AND GRANT PROCEEDS

**Table 5.1: Annual and Cumulative Contract Awards of ADB Loan Proceeds**  
(\$'000)

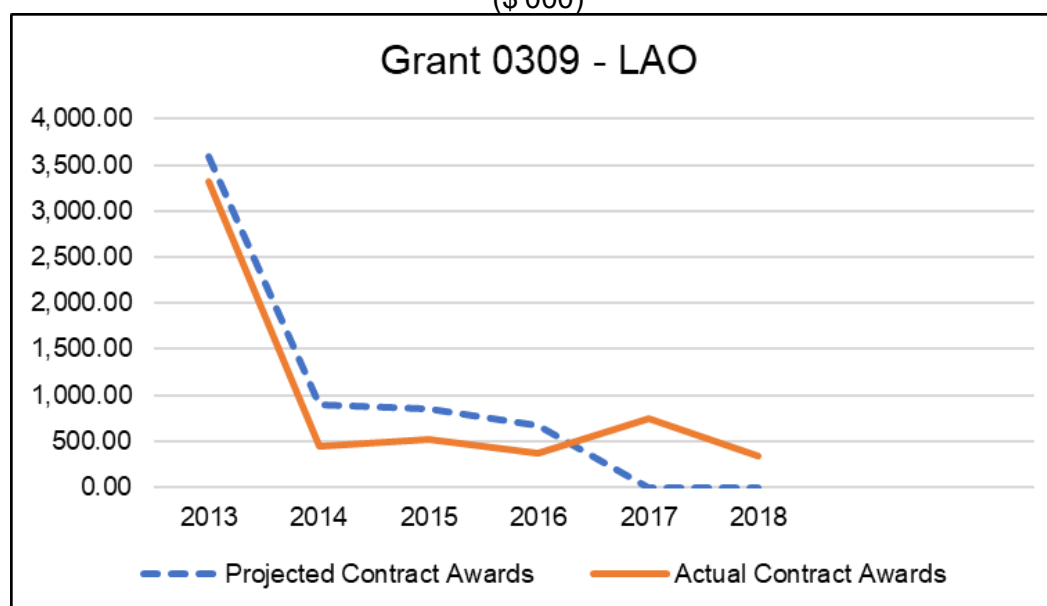
Year <sup>a</sup>	Annual Contract Awards		Cumulative Contract Awards	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Grant 0309				
2013	3,313.86	57.90	3,313.86	57.90
2014	444.72	7.77	3,758.58	65.67
2015	515.00	9.00	4,273.58	74.66
2016	365.00	6.38	4,638.58	81.04
2017	745.52	13.03	5,384.10	94.07
2018	339.61	5.93	5,723.10	100.00
2019	0.00	0.00	5,723.71	
<b>Total</b>	<b>5,723.71</b>	<b>100.00</b>	<b>5,723.71</b>	<b>100.00</b>

ADB = Asian Development Bank.

<sup>a</sup> Classified by contract signing dates

Source: Asian Development Bank.

**Figure 5.1: Projection and Cumulative Contract Awards of ADB Loan Proceeds**  
(\$'000)



### STATUS OF COMPLIANCE WITH LOAN COVENANTS

Covenant	Reference in Loan Agreement	Status of Compliance
<p><b>Subprogram 1 Financing Agreement:</b></p> <p>The beneficiary shall cause the proceeds of the loan and the grant to be applied to the financing of expenditures on the subprogram 1 in accordance with the provisions of this financing agreement.</p> <p>Withdrawals from the loan account and the grant account shall be made only on account of expenditures relating to eligible items which: (a) are produced in, and are supplied from, such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and (b) meet such other eligibility requirements as shall have been specified by ADB from time to time.</p> <p>In the carrying out of subprogram 1, the beneficiary shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this financing agreement.</p> <p>The beneficiary shall maintain, or cause to be maintained, records and documents adequate to identify the eligible items financed out of the proceeds of the loan and the grant and to record the progress of the program.</p> <p>The beneficiary shall enable ADB's representatives to inspect any relevant records and documents referred to in paragraph (a) of this section.</p> <p>As part of the reports and information referred to in section 6.05 of the loan regulations and section 6.04 of the grant regulations, the beneficiary shall furnish, or cause to be furnished, to ADB all such records and information as ADB shall reasonably request concerning: (i) the counterpart funds and the use thereof; and (ii) the implementation of the program, including the accomplishment of the targets and carrying out of the actions set out in the policy letter.</p> <p>The following are specified as additional conditions to the effectiveness of the financing agreement for the purposes of section 9.01 (f) of the loan regulations and section 9.01 (e) of the grant regulations respectively: (a) the grant deposit account and the loan deposit account shall have been established as provided in paragraph 3 (a) of schedule 3 of this financing agreement; (b) the project grant agreement, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of the beneficiary and shall have become legally binding upon the beneficiary in accordance with its terms, subject only to the effectiveness of this financing agreement, and (c) the program steering committee shall have been established in accordance with paragraph 2 of schedule 4 to this financing agreement.</p> <p>Such withdrawal applications shall be accompanied by a certificate of the beneficiary confirming that with respect to each year during which the proceeds of the loan and the grant are expected to be disbursed, the value of the eligible imports is expected to be greater than the aggregate amount of the loan and the grant expected to be disbursed during such year.</p>	Section 3.01	Complied.
	Section 3.03	Complied.
	Section 4.01	Complied.
	Section 4.02 a	Complied.
	Section 4.02 b	Complied.
	Section 4.03	Complied.
	Section 6.01	Complied.
	Schedule 3 2(b)	Complied.

Covenant	Reference in Loan Agreement	Status of Compliance
The beneficiary shall allow experts appointed by ADB to verify the value of eligible imports during any period in respect of which the beneficiary has certified the value of the eligible imports in its withdrawal application.	Schedule 3 2(c)	Complied.
<p>Separate accounts and records in respect of the loan deposit account and the grant deposit account shall be maintained in accordance with accounting principles acceptable to ADB. Upon ADB's request, the beneficiary shall have the financial statements for the loan deposit account and the grant deposit account audited by independent auditors, whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing of the national equivalent acceptable to ADB. Promptly after their preparation but in any event not later than 6 months after the date of ADB's request, copies of such audited financial statements and the opinion of the auditors of the financial statements, in the English language, shall be furnished to ADB.</p>	Schedule 3 3(b)	Noncompliant. The APFS for fiscal years 2014 and 2015 were submitted 4.8 and 5.7 months late, respectively. The end-of-project APFS, covering 18-months over 2018-2019 were received on 4 August 2020.
Throughout the subprogram 1 implementation period, the beneficiary shall submit trade statistics and any other information as ADB may require from time to time to assess the beneficiary's compliance with the formula for determining eligible imports.	Schedule 3 3(c)	Complied.
The beneficiary shall establish a program steering committee which shall be chaired by the Vice Minister of Finance with the representatives of the IAs as members. The program steering committee shall meet at least on a semi-annual basis to: (i) monitor and facilitate the implementation of the program reform actions; and (ii) coordinate with the IA's to sustain implementation of the program, as provided in the policy matrix.	Schedule 4 (2)	Complied.
The beneficiary shall: (i) ensure that all policy actions (including gender actions) adopted under subprogram 1, as set forth in the policy letter and policy matrix, are fully maintained and continue to be in effect for and beyond the duration of programmatic approach, and (ii) use its best endeavors to ensure that reform actions contained in the policy matrix which are triggers for the processing of the subsequent subprogram are undertaken and implemented prior to July 2014.	Schedule 4 (3)	Complied.
The beneficiary shall keep ADB informed of, and the beneficiary and ADB shall from time to time exchange views on, sector issues, policy reforms and additional reforms arising during implementation of the programmatic approach and the project, that may be considered necessary or desirable, including the progress made in carrying out policies and actions set out in the policy letter and the policy matrix.	Schedule 4 (4)	Complied.
The beneficiary shall promptly discuss with ADB problems and constraints encountered during the implementation of the programmatic approach, and appropriate measures to overcome or mitigate such problems and constraints.	Schedule 4 (5)	Complied.
The beneficiary shall keep ADB informed of policy discussions with other multilateral and bilateral aid agencies that may have implications for the implementation of the programmatic approach and the project and shall provide ADB with an opportunity to comment on any resulting policy proposals. The beneficiary shall take into account ADB's views before finalizing and implementing such proposal.	Schedule 4 (6)	Complied.

Covenant	Reference in Loan Agreement	Status of Compliance
<p>The beneficiary shall insure that the counterpart funds are used to finance the local currency costs relating to the implementation of certain programs and activities consistent with the objectives of subprogram 1 and other activities consistent with the objectives of subprogram 1 and shall provide the necessary budget appropriations to finance the structural adjustment costs relating to the implementation reforms under subprogram 1.</p>	Schedule 4 (7)	Complied.
<p>The beneficiary, the program executing agency, and the IA's shall: (a) comply with ADB's anticorruption policy (1998, as amended to date) and acknowledged that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent collusive or coercive practice relating to the subprogram 1; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.</p>	Schedule 4 (8)	Complied.
<p>The beneficiary shall ensure that the program executing agency is responsible for carrying out monitoring, evaluation and assessment of the impact of the programmatic approach. The program executing agency shall carry out the activities in this paragraph (a) in consultation with ADB; (b) the programmatic approach performance indicators shall be agreed with ADB and monitored through the existing monitoring and reporting system for the beneficiary's public financial management reform program; and (c) the program executing agency undertakes periodic reviews to evaluate the scope, implementation arrangements process, achievements, and impacts of the objectives of subprogram 1 and report to ADB and relevant stakeholders. To facilitate ADB's reviews of subprogram 1 implementation, the beneficiary shall assist ADB by providing relevant public sector management data and information in such detail as ADB may reasonably request. The reviews shall form the basis for discussions between the beneficiary and ADB on further reforms and measures that may be considered necessary or desirable to promote continued public management including the refining of the reform agenda for the subsequent subprogram to reflect the progress made under subprogram 1 and the evolving circumstances.</p>	Schedule 4 (9)	Complied.
<p><b>Subprogram 1 Grant Agreement:</b></p>		
<p>The recipient shall cause the proceeds of the grant to be applied to the financing of expenditures on the project in accordance with the provisions of this grant agreement.</p>	Section 3.01	Complied.
<p>Except as ADB may otherwise agree, the recipient shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the grant in accordance with the provisions of schedule 3 of this grant agreement.</p>	Section 3.03	Complied.
<p>Except as ADB may otherwise agree, the recipient shall cause all items of expenditure financed out of the loan proceeds of the grant to be used exclusively in the carrying out of the project.</p>	Section 3.04	Complied.
<p>Withdrawals from the grant account in respect of goods and consulting services shall be made only on account of expenditures relating to: (a) goods which are produced in and supplied from and consulting services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and (b) goods and consulting services which meet such other eligibility requirements as such have been specified by ADB from time to time.</p>	Section 3.05	Complied.
<p>In carrying out of the project and operation of the project facilities, the recipient shall perform, or cause to be performed, all obligations set forth in schedule 4 to this grant agreement.</p>	Section 4.01	Noncompliant. The APFS for fiscal

Covenant	Reference in Loan Agreement	Status of Compliance
<p>The recipient shall: (i) maintain separate accounts and records for the project; (ii) prepare annual financial statements for the project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors opinion on the use of the grant proceeds and compliance with the financial covenants of this grant agreement as well as on the use of the proceeds for the imprest account(s) and statement of expenditures) and a management letter (which sets out the deficiencies an the internal control of the project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.</p> <p>ADB shall disclose the annual audited financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.</p> <p>The recipient shall enable ADB, upon ADB's request, to discuss the financial statements for the project and the recipient's financial affairs where they relate to the project with the auditors appointed pursuant to subsection (a) (iii) hereinabove and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the recipient unless the recipient shall otherwise agree.</p> <p>The recipient shall enable ADB's representatives to inspect the project, the goods and any relevant records and documents.</p> <p>The recipient and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the recipients national competitive bidding procedures are consistent with the procurement guidelines. Any modifications or clarifications to such procedures agreed between the recipient and ADB shall be</p>	<p>Section 4.02 (a)</p> <p>Section 4.02 (b)</p> <p>Section 4.02 (c)</p> <p>Section 4.03</p> <p>Schedule 3 (5)</p>	<p>years 2014 and 2015 were submitted 4.8 and 5.7 months late, respectively. The end-of-project APFS, covering 18-months over 2018-2019 were received on 4 August 2020.</p> <p>Complied.</p> <p>Complied.</p> <p>Complied.</p> <p>Complied. The firms were engaged through the quality-and-cost-based selection method.</p> <p>Complied.</p>

Covenant	Reference in Loan Agreement	Status of Compliance
set out in the procurement plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the recipient and ADB.		
Except as ADB may otherwise agree, the recipient shall apply quality-and-cost selection for securing and engaging consulting services.	Schedule 3 (6)	Complied.
The recipient shall recruit individual consultants for components 2 and 3 in accordance with procedures acceptable to ADB for recruiting individual consultants.	Schedule 3 (7)	Complied.
The recipient shall ensure that all goods procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.	Schedule 3 8(a)	Complied.
The recipient shall ensure that all contracts for the procurement of goods contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.	Schedule 3 8(b)	Complied.
The recipient shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the consulting services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.	Schedule 3 (9)	Complied.
Contracts procured under international competitive bidding procedures, national competitive bidding procedures and contracts for consulting services shall be subject to prior review by ADB, unless otherwise agreed between the recipient and ADB and set forth in the procurement plan.	Schedule 3 (10)	Complied.
The recipient, through the project executing agency, shall ensure that the project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the recipient and ADB. In the event of any discrepancy between the PAM and this grant agreement, the provisions of this grant agreement shall prevail.	Schedule 4 (1)	Complied.
The recipient shall ensure that MOHA as the project executing agency is responsible for the overall coordination of activities under the project and shall provide project administrative support, including with respect to both the recipient's and ADB's reporting requirements on the progress and use of the project funds.	Schedule 4 (2)	Complied. PMUs were established in the MOF, MOHA and MPI. Project management supports cost per unit is in Appendix 2: Project Cost Appraisal and Actual

Covenant	Reference in Loan Agreement	Status of Compliance
<p>The recipient shall ensure that a PMU is established for each of the three components, to undertake the activities prescribed for them in the PAM. The PMU's shall be established as follows: (i) for component 1, the PHU shall be established in MOF; (ii) for component 2, the PMU shall be established in MOHA; and (iii) for component 3, the PMU should be established in MPI.</p>	Schedule 4 (3)	Complied.
<p>During project implementation, the recipient will ensure that certain gender responsive actions are undertaken as further detailed in the PAM including ensuring that: (i) support is provided to NCAW to strengthen their capacity on monitoring and reporting on NSAW targets; (ii) support is provided to MOHA to build capacity of civil servants in gender sensitive planning, resource allocation and service delivery as well as supporting gender sensitive human resource development at the provincial and district level; (iii) gender and social analysis and due diligence is undertaken during the public-private partnership preparation process and gender responsive targets and actions (including gender action plans where appropriate) are mainstreamed into the public-private partnership preparation process including in the due diligence, design and implementation stages, and; iv) under component 2 of the project, at least 30% of persons trained on gender responsive public sector management are female civil servants (consistent with the Rectangular Strategy for the Promotion of Gender Equity in Public Administration 2011–2015).</p>	Schedule 4 (4)	Complied.
<p>The recipient shall and shall ensure that the project executing agency and the IAs: (i) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the project; and (ii) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.</p>	Schedule 4 (5)	Complied.
<p>The recipient shall and shall ensure that the project executing agency and the IAs ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying that the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the project.</p>	Schedule 4 (6)	Complied.
<p><b>Subprogram 2 Financing Agreement:</b></p>		
<p>The Borrower shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Program in accordance with the provisions of this Loan Agreement.</p>	Section 3.01	Complied.
<p>Withdrawals from the Loan Account shall be made only on account of expenditures relating to Eligible Items which: (a) are produced in, and are supplied from, such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and (b) meet such other eligibility requirements as shall have been specified by ADB from time to time.</p>	Section 3.03	Complied.
<p>In the carrying out of Subprogram 2, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Loan Agreement.</p>	Section 4.01	Complied.
<p>The Borrower shall maintain, or cause to be maintained, records and documents adequate to identify the Eligible Items financed out of the proceeds of the Loan and to record the progress of the Program.</p>	Section 4.02 (a)	Complied.



Covenant	Reference in Loan Agreement	Status of Compliance
<p>The Borrower shall enable ADB's representatives to inspect any relevant records and documents referred to in paragraph (a) of this Section.</p> <p>As part of the reports and information referred to in Section 6.05 of the Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB all such reports and information as ADB shall reasonably request concerning (i) the Counterpart Funds and the use thereof; and (ii) the implementation of the Program, including the accomplishment of the targets and carrying out of the actions set out in the Policy Letter.</p> <p>The Borrower shall allow experts appointed by ADB to verify the value of Eligible Imports during any period in respect of which the Borrower has certified the value of Eligible Imports in its withdrawal application.</p> <p>Separate accounts and records in respect of the Loan Deposit Account shall be maintained in accordance with accounting principles acceptable to ADB. Upon ADB's request, the Borrower shall have the financial statements for the Loan Deposit Account audited by independent auditors, whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB. Promptly after their preparation but in any event not later than 6 months after the date of ADB's request, copies of such audited financial statements and the opinion of the auditors on the financial statements, in the English language, shall be furnished to ADB.</p> <p>Throughout the Subprogram 2 implementation period, the Borrower shall submit trade statistics and any other information as ADB may require from time to time to assess the Borrower's compliance with the formula for determining Eligible Imports.</p> <p>The Program Executing Agency shall be responsible for the overall implementation of Subprogram 2 including Subprogram 2 administration, maintenance of all Subprogram 2 records, reporting to ADB, and administering and disbursing the Loan proceeds.</p> <p>The secretariat committee established within MOF under Subprogram 2 of the Programmatic Approach ("Secretariat Committee"), chaired by the Vice Minister of Finance and comprising senior officers from the Program Executing Agency and Program Implementing Agencies involved in Programmatic Approach actions and activities, shall be responsible for coordinating the implementation of, and sustaining, the Program and the PPPF actions. The Borrower shall cause the Secretariat Committee to: (a) meet as required to: (i) monitor progress of the PPPF, and (ii) provide guidance and direction to the Program Executing Agency and Program Implementing Agencies</p>	Section 4.02 (b)	Complied.
	Section 4.03	Complied.
	Schedule 3 2(c)	Noncompliant. The APFS for fiscal years 2014 and 2015 were submitted 4.8 and 5.7 months late, respectively. The end-of-project APFS, covering 18-months over 2018-2019 were received on 4 August 2020.
	Schedule 3 3(b)	Complied.
	Schedule 3 3(c)	Complied.
	Schedule 4 (1)	Complied.
	Schedule 4 (2)	Complied.

Covenant	Reference in Loan Agreement	Status of Compliance
<p>involved in PPPF activities. The Secretariat Committee may invite ADB to participate in its meetings as an observer.</p> <p>The Borrower shall ensure that all policy actions (including gender actions) adopted, and actions taken under the Program, as set forth in the Policy Letter and the Policy Matrix are fully maintained and continue to be in effect, and all reasonable measures are undertaken to implement the reform actions set out in the PPPF.</p> <p>The Borrower shall keep ADB informed of, and the borrower and ADB shall from time to time exchange views on, sector issues, policy reforms and additional reforms arising during the implementation of PPPF, that may be considered necessary or desirable, including the progress made in carrying out policies and actions set out in the Policy Letter and the Policy Matrix.</p> <p>The Borrower shall promptly discuss with ADB problems and constraints encountered during implementation of PPPF, and appropriate measures to overcome or mitigate such problems and constraints.</p> <p>The Borrower shall ensure that the Counterpart Funds are used to finance the local currency costs relating to the implementation of the Program and other activities consistent with the objectives of the Programmatic approach and shall provide the necessary budget appropriations to finance the structural adjustment costs relating to the implementation of reforms under the Program.</p> <p>The Borrower, the Program Executing Agency, and the Program Implementing Agencies shall: (i) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Subprogram 2; and (ii) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.</p> <p>The Borrower shall ensure that the Program Executing Agency is responsible for carrying out evaluation of the impact of the Programmatic Approach and implementation of the PPPF and hosts regular consultative meetings with the Program Implementing Agencies to solicit their feedback on emerging regulations and procedures and the impact of the Program and implementation of the PPPF. The Program Executing Agency shall carry out the activities in this paragraph (a) in consultation with ADB; (b) the PPPF performance shall be monitored by the Borrower and ADB throughout the PPPF period in the areas defined in the Policy Matrix; and (c) the Program Executing Agency shall undertake reviews to evaluate the relevance, effectiveness, efficiency and sustainability of the Program and cooperate with ADB during preparation of the completion report on the Programmatic Approach. To facilitate ADB's preparation of the completion report of the Programmatic Approach and PPPF implementation, the Borrower shall assist ADB by providing relevant public sector management data and information in such detail as ADB may reasonably request. The PPPF reviews shall form the basis for discussions between the Borrower and ADB on further reforms and measures that may be considered necessary or desirable to promote continued public sector management reforms.</p>	<p>Schedule 4 (3)</p> <p>Schedule 4 (4)</p> <p>Schedule 4 (5)</p> <p>Schedule 4 (6)</p> <p>Schedule 4 (7)</p> <p>Schedule 4 (8)</p>	<p>Complied.</p> <p>Complied.</p> <p>Complied.</p> <p>Complied.</p> <p>Complied.</p> <p>Complied.</p>

ADB = Asian Development Bank, APFS = Audited Project Financial Statement, IA = Implementing Agency, MOF = Ministry of Finance, MOHA = Ministry of Home Affairs, MPF = Medium-term Projection Framework, NCAW = National Commission for the Advancement of Women, NSAW = National Strategy for the Advancement of Women, PAM = project administration manual, PMU = project management unit, PPPF = post-program partnership framework.

Source: Asian Development Bank.

### STATUS OF COMPLIANCE WITH POLICY MEASURES (SUBPROGRAM 1)

Component	Policy Action	Performance
<b>Output 1 - Implementation of multi-year budgeting and intergovernmental fiscal relations</b>		
1. <i>Multi-year perspective in policy-based Budgeting.</i>	1. MOF formulated the PFMSF medium term implementation plan 2011–2015 and continued to progress in the area of budget planning, including Public Finance Development Strategy in Support of the Seventh National Development Plan, budget execution, accounting and reporting.	<b>Accomplished.</b> This reform provided a basis on which a whole-of-government coordinated effort could be launched to strengthen PFM. The PFMSF focused on strengthening budget planning, budget execution, budget accounting and reporting, and auditing systems. A draft public finance strategy was formulated to underpin the government budget and to meet the objectives of the Seventh NSEDP. Milestones achieved under the plan include a revised chart of accounts and budget nomenclature, improved government financial information system, and the centralization of key PFM functions (treasury, tax, and customs administration, and treasury single account). In addition, the legislative framework for public procurement was strengthened (e.g., a new procurement decree, implementing rules and regulations, a standard procurement manual, and standard bidding documents).
	2. MOF issued budget instruction for FY2012 requiring MOES and MOH to prepare medium-term budget projection for FY2012 to FY2015 on a pilot basis, consistent with the requirement of the Budget law and the Budget Implementation Decree to prepare budget in a medium-term context. MOES provided \$30 million in August 2010 under the Fast Track Initiative to facilitate increased enrollment of primary school students, in particular girls in remote and ethnic areas.	<b>Accomplished.</b> This reform implemented activities under the previous and current PFMSF. Under the direction of the MOF, MOES and MOH developed and implemented, on a pilot basis, a MTEF, in line with the mandate of the 2006 State Budget Law and the 2009 Budget Implementation Decree. A MTEF links policy, planning, and budgeting to improve efficiency and effectiveness of public spending. In addition, MOES increased its budget in line with the government's target to spend 18.0% of the national budget on education and to achieve the MDGs by 2015
2. <i>Predictability and Control in Budget Execution (Accounting and Reporting)</i>	3. MOF approved the new Accounting Regulation 1325 in 2010 to support effective implementation of the 2007 Law on Accounting Law and 2006 Law on State Budget, and provided training, including training on the requirements of the International Public Sector Accounting Standards using the cash basis of accounting to Accounting Department staff.	<b>Accomplished.</b> This reform began addressing outstanding weaknesses in recording and disclosure by implementing the Law on Accounting. The new law aims to reform Lao Accounting Standards so that they are aligned with International Accounting Standards and International Finance Reporting Standards.

Component	Policy Action	Performance
	4. MOF commenced full implementation of the new GFIS compatible with the new budget nomenclature system and the structure of the new chart of accounts in 2010 and provided training to provincial and line ministry users.	<b>Accomplished.</b> This reform completed a technically complex project which began with the partial roll-out of the GFIS and accounting regulations and procedures in the 38 districts of the provinces of Luang Prabang, Savannakhet, and Champassak, and Vientiane Municipality. With the full implementation of the GFIS system, all line ministries at the national and provincial level have access to government financial information system for transaction processing. In addition, Budget, Treasury, and other departments of the MOF are now connected allowing the government to produce annual consolidated government financial statements.
<i>3. Well-defined institutional arrangements for inter-governmental financial arrangements</i>	5. MOF set up a working committee for amending the 2006 Budget Law to accommodate the new arrangement to strengthen districts at the sub national level.	<b>Accomplished.</b> This action was a pre-requisite to launch a strategy to strengthen the basic pillars of the de-concentrated fiscal system and develop the role of districts as the key level of administration for service delivery, including transfers directly to the districts. This would include the eventual adoption of a formula-based system of national-local resource transfers.
<i>4. Audit professionalism in the field of procurement audits and stronger institutional relationship between SAO and the National Assembly</i>	6. SAO prepared a draft capacity development plan to strengthen procurement audit within the scope of 2009–2020 Action Plan, and Implementation Program for 2012.	<b>Accomplished.</b> This action recognized the need to strengthen staff capacity to fully implement the 2006 Budget Law and the 2007 Audit Law. In consultation with stakeholders, the government produced new audit manuals for performance, procurement, and budget audits. Complementary capacity building activities were to include, per the draft capacity development plan, training on computer-aided audit procedures, practical application of the audit manuals, the English language, and fundamentals of public accounting and auditing. Training was to be provided in the form of classroom and on-the-job training.
	7. EPFC and SAO developed draft rules of procedure for coordination of objectives and discussion of the Audit Reports of SAO by the EPFC	<b>Accomplished.</b> This policy action strengthened legislative support to audit reports by improving coordination and strengthening discussion and examination of the audit reports by the EPFC.
<b>Output 2 - Strengthening civil service capacity at the central and subnational level, including gender responsive capacity</b>		
<i>1. Improved civil service capacity and strengthen subnational administration at the district level.</i>	8. The government through the MOHA formulated the Strategic Plan on Governance 2011–2020. In addition, the strategy for the promotion of gender equality in public administration developed during 2010–2012 is under consideration by the Cabinet. MOHA established a high-level 'National Leading Committee' to monitor progress.	<b>Accomplished.</b> This policy action and reform recognized the importance of governance in improving the public service, strengthening the rule of law and the people's representation and participation, and improving PFM. To guide and fully implement these governance reforms, a national leading committee was established. The gender strategy was designed to ensure gender-sensitive policies and programs were included in the governance reform efforts.

Component	Policy Action	Performance
	<p>9. In June 2011, the former Public Administration and Civil Service Authority under the Prime Minister's office were upgraded to become the MOHA responsible for leading all governance related reforms envisaged in the draft Governance Strategy 2020. To support gender analyses and gender mainstreaming of governance and public administration reforms, a Division for the Advancement of Women was established in MOHA.</p>	<p><b>Accomplished.</b> This policy action was undertaken to provide more effective and decisive leadership to efforts to strengthen the civil service under the Governance Strategy 2020. The MOHA became a full-fledged ministry in June 2011, responsible for governance-related reforms and addressing systemic weaknesses within the civil service. In addition, a separate division (DAWMC) was established within the new MOHA to monitor and guide the implementation of the government's gender strategies.</p>
	<p>10. The Prime Minister endorsed the new National Governance Public Administration Reforms 2011–2015 to strengthen administrative capacity at the central and sub-national levels. A “Program Board” was established to ensure implementation and monitor progress under the NGPAR.</p>	<p><b>Accomplished.</b> National Governance and Public Administration Reforms programs have, over time, focused on improving the administrative rules and regulations, the organizational machinery, personnel management, and center–local relations, while ensuring effectiveness of the management of state and society. The NGPAR, 2011–2015 was approved by the prime minister in February 2012 and was designed to ensure an accountable, effective, and responsible administration and civil service. A program board for NGPAR implementation, chaired by the deputy prime minister, was also constituted. Effective implementation of the NGPAR will ensure enhanced skills and competencies for a modern public administration system through greater and more focused training, including gender-responsive training in the Public Administration Research and Training Institute.</p>
	<p>11. PARTI was established in June 2011 for research and training for civil servants, including curriculum development. Of the 14 technical positions, 6 are occupied by women.</p> <p>(i) MAF trained 170 staff (122 females) from 11 provinces on gender sensitive planning and M&amp;E (2011–February 2012) at the district level to strengthen capacity. Of the 13,477 Directors and Education staff trained by MOES in 2010–2011, 5,551 were female.</p> <p>(ii) A total of 679 provincial and district health managers (196 females) were trained on project management skills, peer education</p>	<p><b>Accomplished.</b> To provide for structured and sustainable capacity development, the PARTI was established within the MOHA in 2012. PARTI is a nonpolitical civil service capacity-building institution. In a related reform, the MAF worked to strengthen capacity at the local level by conducting training to improve gender-sensitive planning, monitoring, and evaluation, including gender-specific health issues such as improving service delivery for maternal and child health. A total of 1,138 district officials received this training (financial management, personnel management, and service delivery), of which 432 (38%) were women.</p> <p>The content of the general management training is as follows: (i) context of PBFM: Sam Sang; (ii) introduction to Strategic Planning, (iii) overview of Lao PDR Five Year and Annual Planning processes; (iv) district finance functions and roles; (v) gender based</p>

Component	Policy Action	Performance
	and gender issues in health. In addition, 168 health workers and nurses (131 females) were trained to enhance their skills and qualifications and improve service delivery for maternal and child health (8 Northern provinces, 2010 to June 2012).	budgeting; (vi) preparing a district project proposal; and (vii) overview of Internal Audit process. In addition, a manual for gender mainstreaming was prepared which included sections devoted to: (i) training approaches and methods; (ii) gender concepts and definitions, (iii) gender mainstreaming; (iv) gender analysis tools; and (v) gender action plans. However, implementation was hampered by the limited capacity of the national gender experts – who were to assist in the preparation of the courses – as they did not have the proper backgrounds. In addition, the quality of the translations from Lao to English were of poor quality.
	12. Prime Minister issued an order in June 2012 for strengthened role of the district as the key level of administration for service delivery initially as a pilot for one year beginning October 2012. This initiative builds on the DDF initiative that presently covers a total of 35 districts (25% of all districts).	<b>Accomplished.</b> The MOHA continued to lead efforts to strengthen MDG-focused service delivery in 35 districts through the DDF. The DDF supports administrative capacities for delivering local government services that primarily support expansion of infrastructure to improve service delivery at kum ban (a cluster of villages) and district levels. The fund facility is delivered in a variety of forms: basic block grants, operational expenditure block grants, and social protection block grants. In all of its forms, the facility is intended to operate as a stimulus and foundation for intergovernmental fiscal transfers.
	13. The government approved the NSAW 2011–2015 and established specific gender targets for a range of sectors. Five-Year Strategy for the Advancement of Women in Agriculture and Forestry Sector, 2011 to 2015 to support women's increased access to resources and decision-making positions in the sector was approved in May 2012.	<b>Accomplished.</b> The NCAW was mandated to develop, and gradually mainstream policies and processes related to gender equality and the empowerment of women. The strategy includes a number of goals including; i) reduce discrimination and violence against women at high level, ii) advocacy, movements, awareness raising for society on importance of women's advancement, ensuring gender equality and women's empowerment to participate in political, economic socio-cultural and family lives, iii) strengthen network of Sub-CAWs at all levels to be able to implement National Strategy for Women's Advancement and CEDAW with priority given to strengthening Lao ENCAW Secretariat, iv) provide equal opportunity to both women and men in political, economic socio-cultural and family lives, v) increase women in decision-making positions in all fields and at all levels, vi) provide equal access to economic resources, decent livelihoods and ownership in decision making by making meaningful contributions to wellbeing of people of all ethnic groups, vii) ensure wellbeing of women and girls by increasing access to improved education, healthcare, social

Component	Policy Action	Performance
		welfare, sources of funding and national resources, viii) increase international cooperation with friendly countries and international organizations aimed at exchange of information, lessons, attracting technical and financial support to organization of women's advancement, CEDAW implementation, Beijing Platform of Actions and MDGs. The strategy also adopted several quantitative goals. For decision making positions, women should represent 30% of national Assembly membership, 15% of leadership in party positions, and 40% of leadership positions in the education, health, social, cultural, and economic sectors. In education, the strategy calls for increasing opportunity for women to access education at all levels as follows; 98% at primary education level, 75% at lower secondary education, 75% at upper secondary education, and 50% at tertiary and university level. In addition, women teachers will be increased to a level of one-third of the total male staff. Finally, a target for eliminating illiteracy of women aged 15-40 at a rate of 2% per annum. In addition, the MAF approved a similar plan to establish a roadmap for increased women's access to resources and decision-making positions.
<b>Output 3 - Strengthening investment management capacity in the public sector for private sector investments and identifying potential public-private partnership arrangements</b>		
1. <i>Effective oversight of land concessions</i>	MONRE established as a new Ministry in 2011 to improve coordination and streamline overlapping mandates between central ministries, agencies and subnational administrations to strengthen land governance, and improve human resource capacities.	<b>Accomplished.</b> Land concessions have resulted in losses of anticipated revenues and raised a number of governance challenges with regard to promoting sustainable land management. In response, the government established the MONRE in 2011 to improve the enforcement of land concession agreements, contracts, and strengthen interagency coordination in order to avoid overlap in mandates at various levels, including measures to develop capacity.
	Government endorsed the revised Technical Guidelines on Compensation and Resettlement of People Affected by Development Projects in June 2011. 101 staff of MONRE and line agencies from 3 provinces and 9 districts were trained on social safeguards (including gender issues in resettlement, such as women's legal rights to land and property in resettlement packages, gender sensitive income restoration programs, etc., during September 2011–March 2012)	<b>Accomplished.</b> The government issued a moratorium on concessions for 2 years pending review of the existing policies and legal framework. In the interim, the government endorsed the revised Technical Guidelines on Compensation and Resettlement of People. Training on social safeguards was provided to the staff of the MONRE and line agencies. Complementary measures were also introduced to establish working groups to finalize the National Land Master Plan and the National Land Policy to further streamline land management.

Component	Policy Action	Performance
2. Promoting PPPs in the social sector	MPI commenced preparatory work to raise awareness for public private partnerships, especially in the social sector	<b>Accomplished.</b> Since 2010, the MPI, MAF, MOES, and MOH have strengthened the policy framework for enlisting private sector investment. (MPI: Investment Promotion Law 2009, National Investment Strategy 2011, and Prime Minister's Decree 119 for Implementation of the New Investment Promotion Law; MAF: Agricultural Development Strategy 2010; MOES: Ministerial Decree 113 of 29/3/2011 promoting private education; MONRE: State Land Law 2002; and MOH: Health Financing Strategy, 2011–2015 and Seventh Five-Year Health Sector Development Plan, 2011–2015) This reform reflects the government's next steps which include identifying policy measures required to strengthen the enabling investment environment to promote PPPs in the Lao PDR.
	MPI circulated the draft PPP policy paper for inter-ministerial comments in July 2012 and sought government guidance to further the PPP agenda.	<b>Accomplished.</b> As a first step, the government drafted a PPP policy. Upon adoption, the government would then develop a combination of policy and regulatory reforms, including institutional support, incentives, and financing modalities, to increase incentives for private sector to participate in financing, developing, and managing future infrastructure and development projects.

CEDAW = Convention on the Elimination of All Forms of Discrimination against Women; DDF = District Development Fund, EPFC = Economic Planning Finance Committee, FY = Fiscal Year, GFIS = Government Financial Information System, MAF = Ministry of Agriculture and Forestry, MDG = Millennium Development Goal, MOES = Ministry of Education and Sports, MOF = Ministry of Finance, MOH = Ministry of Health, MOHA = Ministry of Home Affairs, MONRE = Ministry of Natural Resources and Environment, MPI = Ministry of Planning, MTEF = medium-term expenditure framework, NGPAR = National Governance Public Administration Reforms, NSAW = National Strategy for the Advancement of Women, NSEDP = National Socio-Economic Development Plan, PARTI = Public Administrative Research and Training Institute, PFM = public financial management, PFMSP = Public Financial Management Strengthening Program, PPP = Public Private Partnership Arrangement, SAO = State Audit Organization.



### STATUS OF COMPLIANCE WITH POLICY MEASURES (SUBPROGRAM 2)

Component	Policy Action	Performance
<b>Output 1 - Implementation of multi-year budgeting and intergovernmental fiscal relations</b>		
<i>1. Multi-year perspective in policy-based budgeting</i>	1. MOF continued reforms in the public finance management areas rated C and lower by the 2011 PEFA and strengthened coordination with MPI in formulating the annual budget to effectively support implementation of the NSEDP for 2011–2015 within a multi-year budgeting perspective.	<b>Accomplished.</b> Subprogram 2 largely built on the reforms achieved under subprogram 1 and targeted areas of weakness identified in the 2011 public financial accountability assessment. These areas included: (i) classification of the budget; (ii) public access to key fiscal information; (iii) orderliness of and participation in the annual budget process; (iv) a multiyear perspective in fiscal planning, expenditure policy, and budgeting; (v) effectiveness of measures for taxpayer registration and tax assessment; (vi) effectiveness in collection of tax payments; (vii) recording and management of cash balances, debt, and guarantees; (viii) competition, value for money, and controls in procurement; (ix) timeliness and regularity of accounts reconciliation; (x) quality and timeliness of in-year budget reports; (xi) quality and timeliness of annual financial statements; and (xii) scope, nature, and follow-up of external audit. In addition, the government has made progress on developing an integrated public finance development strategy for the period to 2020. The strategy is aimed at linking policy, planning, and budgeting in a consistent framework and improving coordination between the MOF, the MPI, and the Bank of the Lao PDR.
	2. MOF progressed in medium-term budgeting in the health and education sectors. Budget resources for these sectors (including at district level) increased consistent with the overall fiscal envelop and budget allocation norms to support achieving key MDG targets in health and education sectors.	<b>Accomplished.</b> The government increased spending on education and health services during 2012–2014 through a resolution that mandated an allocation of 9% of total spending to the health sector and 17% of total spending to the education sector by the fiscal year 2013. Nevertheless, resources were still grossly inadequate when compared with the needs identified in sector development plans. However, the MOF, in partnership with the MOES and the MOH did initiate the development of medium-term expenditure framework for the health and education sectors.
<i>2. Predictability and Control in Budget Execution (Accounting and Reporting)</i>	3. MOF adopted cash based IPSAS, and initiated capacity development for implementation of IPSAS in the government agencies.	<b>Accomplished.</b> Adoption of IFRS is a key reform which will bring increased transparency and accountability. In recognition, the government amended its law on accounting in December 2013 to require all government entities to comply with the cash based IPSAS. The government prepared an accounting manual to guide implementation of these standards.

Component	Policy Action	Performance
	4. MOF linked the government financial information system with the tax and customs information management systems.	<b>Accomplished.</b> The scope of the GFIS, the core system for reporting and accounting purposes, was enhanced by linking the GFIS to the tax and customs information management systems. This will improve the predictability of cash inflows and cash management in general. In addition, the MOF has initiated a review on the information technology solution for the Lao financial management information system that would eventually take over from the GFIS and would cover the budget preparation and execution phases.
<i>3. Well-defined institutional arrangements for inter-governmental financial arrangements</i>	5. MOF conducted a review of intergovernmental fiscal transfers and adopted a road map towards a decision on improving the transparency, predictability, and sustainability of fiscal transfers from the central to sub-national levels, including based on consideration of a formula-based approach for conditional and unconditional transfers. MOF also continued to raise capacity and awareness on intergovernmental fiscal relations and public financial management at the district level.	<b>Accomplished.</b> To improve the transparency, equity, predictability, and effectiveness of central government transfers to provinces and districts, the MOF undertook a review and adopted a road map for improving intergovernmental fiscal transfer arrangements to accelerate implementation of the Sam Sang initiative. The purpose of the review was to determine the total envelope of transfers to provinces and districts as a defined share of central government's revenues. This transfer envelope would then be apportioned to provinces and districts based on a formula reflecting the area, population, poverty level, and level of economic development of each province and district.
<i>4. Audit professionalism in the field of procurement audits and stronger institutional relationship between SAO and the National Assembly</i>	6. SAO improved procurement audit capacity and developed specific audit procedures and tools, consistent with ISSAI.  7. Government approved rules of procedure for coordination of objectives and discussion of the audit reports of SAO by the EPFC, and put into practice the procedures for discussion and submission of recommendations to the National Assembly by the EPFC on the audit reports, including training of EPFC members, and SAO staff (30% female staff trained).	<b>Accomplished.</b> Since subprogram 1, the SAO has continued making progress on its high priority to build capacity and improve systems in procurement audit. A total of 527 of its auditors, 31% of whom were women, were trained in procurement audit in May 2012–April 2014. The SAO also developed procurement audit implementation guidelines and training materials benchmarked against the ISSAI. Finally, SAO staff members conducted two pilot audits in March–June 2013 and two model audits in January–March 2014.  <b>Accomplished.</b> Coordination between the EPFC of the National Assembly and the SAO was strengthened by ensuring a detailed examination of SAO's audit reports by the EPFC. A hearing by the National Assembly on the SAO's audit report on government expenditures was required and the SAO was mandated to follow up on the resolutions of the National Assembly. Comprehensive training for 500 EPFC staff members and members of the National Assembly was conducted.

Component	Policy Action	Performance
<b>Output 2 - Strengthening civil service capacity at the central and subnational level, including gender responsive capacity</b>		
<i>1. Improved civil service capacity and strengthen subnational administration at the district levels.</i>	8. National Leading Committee on NGPAR continued timely implementation and regular monitoring of the Strategic Plan on Governance 2011–2020, including promotion of gender equality in public administration.	<b>Accomplished.</b> The government's national leading committee on NGPARP, chaired by the deputy prime minister, and the NGPAR program board continued to closely monitor public administration reforms. Both met regularly in 2012–2014. In addition, the MOHA continued to facilitate the establishment of divisions on the advancement of women in home affairs offices at provincial and district levels to ensure mainstreaming of gender equity in public administration at the local level and to support strengthening of the capacity of female civil servants in local administrations.
	9. NGPAR Program Secretariat submitted regular progress reports on implementation of project activities by cluster managers and coordinated development partner assistance. Divisions on Advancement of Women were established in home affairs offices at provincial and district levels to ensure mainstreaming of gender in public administration at local level and to support strengthening of capacity of female civil servants at local level.	
	10. Program Board for NGPAR continued to ensure improved coordination and effective implementation of NGPAR by MOHA and other relevant offices.	
	11. PARTI started delivery of training to civil servants at central, provincial and local levels. 30% of trainees are women. Gender equality was mainstreamed in the training programs, and specific courses on gender responsive planning, budgeting and HR management have been prepared. To ensure gradual improvement in its staffing and resources, the PARTI submitted draft five-year Strategic Development Plan to MOHA for review.	<b>Accomplished.</b> PARTI started providing public administration and management training at the central and subnational levels. These courses covered public administration, office management, induction for new recruits, training of trainers, leadership development and planning, and budgeting and financial management for managers not expert in finance. PARTI incorporated gender content into its courses through dedicated courses on gender mainstreaming and gender and human resource management. At the time of subprogram 2, PARTI had 17 staff members, of whom 6 were women.
	12. To set an integrated framework for civil servant development, MOHA initiated development of a draft PM decree on Training and Development in the Civil Service in Lao PDR. This decree provides for the terms, scope, types, content, modes of delivery and mandate of various institutions involved in training to civil servants, as well as budget planning mechanism for training.	<b>Accomplished.</b> As the secretariat of the Sam Sang steering committee, the MOHA continued to lead the government effort to strengthen the new administrative architecture at the district level. Its efforts included establishment of rules and mechanisms for village administration, initiation of a revision of administrative arrangements to empower local administrations, clarifications on salaries of village administration staff, and improvement of village administration capacity.
	13. MOHA strengthened government wide efforts to disseminate the new administrative arrangement to	<b>Accomplished.</b> Under the Strengthening Capacity and Service Delivery of Local Administrations Project funded by the United

Component	Policy Action	Performance
	<p>strengthen districts and established a plan for organizational development of district administration.</p> <p>(i) MOHA ensured that representatives of the Lao Women's Union are members of district development committees.</p>	<p>Nations Development Programme, the government has ensured that the head of the district Lao Women's Union and one woman village representative were members of the district development fund committees to empower women in the decision making at the local level.</p>
	<p>14. NCAW and MAF capacity strengthened to monitor the implementation of the action plans and sectoral targets developed under the NSAW 2011–2015 and the Five-Year Strategy for the Advancement of Women in Agriculture and Forestry sector—reporting on selected NSAW indicators.</p>	<p><b>Accomplished.</b> A comprehensive monitoring, evaluation and reporting framework was completed, and training was conducted. As part of the implementation of the five-year strategy for the advancement of women in the agriculture and forestry sector, the MAF developed a comprehensive framework and conducted capacity building to mainstream gender equity into sector planning, budgeting, and monitoring, evaluation and reporting.</p> <p>Capacity development began with a study visit to the Ministry of Agriculture. This was followed by a questionnaire survey which was carried out in December 2013. The purpose of the survey was to obtain a baseline assessment of the gender mainstreaming capacity and resources available within MOHA. The survey was designed to increase awareness of gender and women's empowerment issues among managers and staff, how the issues are addressed and the progress, challenges, and future actions to take. The workshops included understanding the international and national legal and policy frameworks for the advancement of women, how to conduct gender analysis to promote gender equality and women's empowerment in governance and public services. Using these inputs, a gender mainstreaming training course manual was drafted, revised and training of trainers carried out. The course content consisted of the following: (i) gender concepts and definitions of women's equality and empowerment; (ii) gender mainstreaming, gender analysis and gender budgeting; (iii) gender analysis tools to identify problems and solutions for promoting women's advancement; and (iv) preparing, implementing, monitoring and evaluating gender action plans.</p>

Component	Policy Action	Performance
<b><i>Output 3 - Strengthening investment management capacity in the public sector for private sector investments and identifying potential public-private partnership arrangements</i></b>		
1. <i>Effective oversight of land concessions</i>	15. Government progressed in improving the policy and legal framework on land concession oversight, and conducted capacity building of relevant officials at the central (including MPI, MAF and MONRE), provincial and district levels on appraisal techniques (financial and economic analysis, including social, gender and risk assessments) to screen, award, and monitor investment proposals, including those containing land concession provisions.	<p><b>Accomplished.</b> MONRE made headway in developing a national land policy and amendments to the country's land law. Both drafts were in final preparation for presentation to the National Assembly. MONRE also developed revisions to the decree on compensation and resettlement for development projects to improve fairness and the scope of compensation in cases of land acquisition and resettlement in the public interest. Moreover, to synchronize land and environmental sustainability frameworks, MONRE developed a national resources and environment policy. Land management issues were mainstreamed by revising the Lao PDR's national investment policy, which was subsequently submitted to the MPI minister for approval. To implement these reforms, the government conducted a comprehensive program to build capacity in the MPI, MAF, and MONRE at the central and provincial levels. A total of 271 staff members, 40% of which were women, were given this training. The training itself was oriented around the documentation delivered to evaluate, decision, and administer PPPs.</p> <p>As there are no references to stand-alone concession agreements, I will have to assume this refers exclusively to PPPs. The final report notes that the training summarized the key objectives of gender integration in PPPs and demonstrated how the health and education pilots were 'gender- mainstreamed' particularly in two key areas: the Output Specifications under Local Content. Many targets and mainstreaming options were suggested for gender mainstreaming objectives, according to the priorities established in the PPP decree (i.e. potential employment opportunities). These were described via PPP language which translated into ways in which construction and design plans could be oriented as well as "how to" in upgrading of female skills sets for facility management transfer. It was suggested these two areas were to go out to Bidders, so stand the chance of further actions in the next phase.</p>

Component	Policy Action	Performance
2. <i>Promoting private public partnerships (PPPs) in the social sector</i>	<p>16. MPI developed and disclosed on its website in English and Lao languages the Initial Conceptual Framework for Development of PPPs in Lao PDR, including a tentative road map for PPP reforms in 2014–2016.</p> <p>17. MPI developed and conducted stakeholder consultations on the draft Prime-Minister Decree on PPPs and adopted a schedule for the approval of such decree. The decree will reflect government policy and principles for PPPs, institutional set-up, project preparation support arrangements, investor selection procedures, treatment of unsolicited proposals, government support options and mechanisms, and mainstreaming of gender considerations in PPPs.</p>	<p><b>Accomplished.</b> The framework sets out a road map for PPP reforms over the period 2014–2016. MOI also began public consultations to support the eventual adoption of a decree on PPPs which was to be submitted to the prime minister's office by the end of 2014. The decree reflected government's policy and principles for PPPs, including the institutional set-up (e.g., high-level government committee on PPPs, a nodal PPP office, and a project development facility), project preparation support arrangements, investor selection procedures, treatment of unsolicited proposals, government support mechanisms (e.g., viability gap and contingent liability funding).</p> <p>Mainstreaming gender into PPP projects was accomplished largely at the operational level. For example, the Decree on PPPs is largely silent on gender issues, but the implementing regulations require a gender impact assessment and gender action plan to be included in all feasibility studies and project proposals. In addition, gender guidelines and checklists have been prepared to guide this process. First, an overall set of guidelines was provided – largely consisting of recommendations – which require a gender expert to be retained for each project to prepare a gender analysis and action plan, to prepare strategies and mechanisms to implement the gender action plan, and to brief the sponsor implementing agency and project bidders.</p>
	<p>18. MOH and MOES established PPP committees and progressed in development of outline business cases for two health and one education sector PPP project. Gender guidelines and checklists were developed, and gender expertise was engaged in developing the outline business cases.</p>	<p><b>Partially Accomplished.</b> The MOH and MOES established PPP committees and prepared pre-feasibility studies for two pilot PPP projects in the health sector and one in education. The prefeasibility studies covered gender considerations, such as an assessment of the education and health status of women, assessment of their access and use of facilities, establishment of gender-disaggregated baseline information, assessment of employment opportunities for women during the construction and operation phases of the project, and analysis of project impacts on the security and safety of women.</p> <p>In addition, a program level gender checklist was prepared that provides gender inputs in each phase of the PPP project process. These processes are: project identification (identify potential issues and collect sex-disaggregated data); preliminary design stage</p>

Component	Policy Action	Performance
		<p>(identify gender goals and targets); feasibility study (assess impacts and provide appropriate content to TOR's for consulting firms); tendering and contracting (brief the private sector and establish data collection); construction (monitor and reporting), and; monitoring and evaluation (develop a monitoring system and formulate strategies to enhance opportunities for women).</p> <p>As part of the project, four feasibility (business cases) were developed; tow for the health sector and two for the education sector. Gender was considered (i.e ensuring the construction and design was female friendly and providing for employment potential in the construction/design of the projects), but the primary purpose of the business cases was to determine financial viability as a pre-requisite to continuing with the projects. As such, gender considerations, while mentioned, were limited to recommendations for the next step in the processing.</p>

EPFC = Economic Planning Finance Committee, GFIS = Government Financial Information System, IFRS = International Finance Reporting Standards, IPSAS = International Public Sector Accounting Standards, ISSAI = International Standards of Supreme Audit Institutions, Lao PDR = Lao People's Democratic Republic, MAF = Ministry of Agriculture and Forestry, MDG = Millennium Development Goal, MOES = Ministry of Education and Sports, MOF = Ministry of Finance, MOH = Ministry of Health, MOHA = Ministry of Home Affairs, MONRE = Ministry of Natural Resources and Environment, MPI = Ministry of Planning, NCAW = National Commission for the Advancement of Women, NGPAR = National Governance Public Administration Reforms, NSEDP = National Socio-Economic Development Plan, PARTI = Public Administrative Research and Training Institute, PEFA = Public Expenditure Financial Accountability Framework, PPP = Public Private Partnership, SAO = State Audit Organization.

## ACHIEVEMENT OF GENDER-RELATED TARGETS AND POLICY ACTIONS

A. Gender-Related Indicators and Targets in the DMF																		
Gender-Related Indicators and Targets		Achievements																
DMF Impact Indicators																		
		Improved delivery of key public services																
		No specific gender targets were included in the impact statement.																
DMF Outcome Indicators																		
Strengthened national and subnational public sector management																		
Activity 1	By the end of 2016: Civil service management—organizational development, job descriptions, assignment criteria, performance management, code of conduct, and gender-sensitive approach—guidelines and procedures approved and implemented	<b>Not achieved (gender considerations).</b> The legal framework governing the management and development of civil servants was completed and approved. This included the Civil Servant Law (2016) and Decrees on: (i) Technical Positions of Civil Servants (2016); (ii) Training and Development of Civil Servants (2107); and (iii) Performance Appraisal of Civil Servants (2017). A job description manual was also completed. The Civil Servant Development Strategy and the Training and Development Decree are key documents setting out the government's policy, strategy, plan and targets for improving the managerial and technical capacity of civil servants. Together, they provide the basis for line ministries, provinces, and districts to prepare their own capacity development strategies and annual training plans.  While a code of conduct and a Gender Action Plan were drafted, they were not finalized during the program period.																
DMF Output Indicators																		
Target 1	750 district officials (30% of them women) benefited from training in financial management, personnel management, and service delivery—validated by a post-training survey and evaluation report.	<b>Achieved.</b> <table><tr><td></td><td>Numbers Trained</td><td>% Females</td></tr><tr><td>Ministries/Central Agencies</td><td>564</td><td>37.4%</td></tr><tr><td>Provinces</td><td>566</td><td>37.5%</td></tr><tr><td>Districts</td><td>1,137</td><td>38%</td></tr><tr><td>Total</td><td>2,267</td><td>37.5%</td></tr></table> The number of civil servants trained from July 2013 to April 2016 totaled 2,267, of which 37.5% were women. The total number of trainees from districts was 1,137, of which 38% were women. A topic on gender was included into PARTI's General Management course and Civil Servant Management course. The coverage was divided			Numbers Trained	% Females	Ministries/Central Agencies	564	37.4%	Provinces	566	37.5%	Districts	1,137	38%	Total	2,267	37.5%
	Numbers Trained	% Females																
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Districts	1,137	38%																
Total	2,267	37.5%																



		into five modules which covered training approaches and methods (how to plan and deliver a gender course), gender concepts and definitions (concepts), gender mainstreaming (gender analysis, budgeting, and “how to” in Lao PDR), gender analysis tools (check lists, questionnaires and focus groups), and gender action plans (output maps, implementation and monitoring). In addition, a course manual on improving service delivery was produced and incorporated into the General Management course for district managers.
Activity 2	Monitoring and reporting capacity of the NCAW strengthened.	<p><b>Achieved.</b></p> <p>The project provided support to NCAW to strengthen its capacity to monitor and report on progress towards NSAW targets. Activities included the following: (i) an initial orientation workshop for MOHA's DAWMC was presented to the leads from selected ministries and NCAW staff in June 2014; (ii) a workshop on project design planning and budgeting, monitoring and evaluation, coordination and communication was held in January 2015; (iii) a national workshop on M&amp;E was held 12 - 16 January 2015, a monitoring and evaluation workshop was held 11–22 May 2015; and (iv) two NCAW staff attended a 10–day M&amp;E training in Bangkok.</p> <p>A monitoring and evaluation framework and manual for the Third Five Year National Plan of Action for Gender Equality 2016–2020 was completed.</p>
Target 2	70 national and provincial MAF, MONRE, and MPI staff trained on appraisal techniques (financial and economic analysis, including social, gender, and risk assessments) to screen, award, monitor, and exercise effective oversight of contracts and concession agreements for state lands.	<p><b>Achieved.</b></p> <p>MAF, MONRE, and MPI staff were trained on state land leases and concession models, investment contract management, environmental and social impact assessments, financial analysis for investment proposals and negotiating investment contracts. This training also included appraisal techniques (financial and economic analysis, including social, gender, and risk assessments) to screen, award, monitor, and exercise effective oversight of contracts and concession agreements for state lands. Of the 98 participants, 42 (43%) were women.</p> <p>Gender screening guidelines were prepared largely in line with ADB guidelines, including checklists from the Law and Policy Handbook, the Toolkit on MSE and Finance, Gender Checklists on Education and Health, and ‘Tip Sheets’ on Gender Action Plans. Most of the pilot tools were adapted from the ADB recent publication “Gender</p>

		Guidelines for PPPs" (May 2014). However, the consulting firm was not convinced that bidders would be made aware of gender considerations in their bids. Successful bidders of future pilot PPPs would be largely accountable only for the output specifications under local content.						
<b>B. Gender-Related Actions in the Policy Matrix</b>								
	<b>Policy Actions</b>	<b>Achievements</b>						
	<b>Sub-program 1</b>							
<b>Output 1. Implementation of multi-year budgeting and intergovernmental fiscal relations</b>								
Activity 3	MOF issued budget instruction for FY2012 requiring MOES and MOH to prepare medium-term budget projection for FY2012 to FY2015 on a pilot basis, consistent with the requirement of the Budget law and the Budget Implementation Decree to prepare budget in a medium-term context. MOES provided \$30 million in August 2010 under the Fast Track Initiative to facilitate increased enrollment of primary school students, in particular girls in remote and ethnic areas.	<b>Achieved.</b> This reform implemented activities under the previous and current PFMS. Under the direction of the MOF, MOES and MOH developed and implemented, on a pilot basis, a MTEF in line with the mandate of the 2006 State Budget Law and the 2009 Budget Implementation Decree. A MTEF links policy, planning, and budgeting to improve efficiency and effectiveness of public spending. In addition, MOES increased its budget in line with the government's target to spend 18.0% of the national budget on education towards achieving the MDGs by 2015.						
<b>Output 2. Strengthening civil service capacity at the central and subnational level, including gender responsive capacity</b>								
Activity 4	In June 2011, the former Public Administration and Civil Service Authority under the Prime Minister's office were upgraded to become the MOHA responsible for leading all governance related reforms envisaged in the draft Governance Strategy 2020. To support gender analyses and gender mainstreaming of governance and public administration reforms, a Division for the Advancement of Women was established in MOHA.	<b>Achieved.</b> This policy action was undertaken to provide more effective and decisive leadership for efforts to strengthen the civil service under the Governance Strategy 2020. The MOHA became a full-fledged ministry in June 2011, responsible for governance-related reforms and addressing systemic weaknesses within the civil service. In addition, a separate division (DAWMC) was established within the new MOHA to monitor and guide the implementation of the government's gender strategies.						
Activity 5	PARTI was established in June 2011 for research and training for civil servants, including curriculum development. Of the 14 technical positions, 6 are occupied by	<b>Achieved.</b> <table border="1"> <tr> <td></td><td>Numbers Trained</td><td>% Females</td></tr> <tr> <td>Ministries/Central</td><td>564</td><td>37.4%</td></tr> </table>		Numbers Trained	% Females	Ministries/Central	564	37.4%
	Numbers Trained	% Females						
Ministries/Central	564	37.4%						

	<p>women.</p> <p>(i) MAF trained 170 staff (122 females) from 11 provinces on gender sensitive planning and M&amp;E (2011–February 2012) at the district level to strengthen capacity. Of the 13,477 Directors and Education staff trained by MOES in 2010–2011, 5,551 were female.</p> <p>A total of 679 provincial and district health managers (196 females) were trained on project management skills, peer education and gender issues in health. In addition, 168 health workers and nurses (131 females) were trained to enhance their skills and qualifications and improve service delivery for maternal and child health (8 Northern provinces, 2010 to June 2012).</p>	<table border="1" data-bbox="1121 191 1885 321"> <tr> <td>Agencies</td><td></td><td></td></tr> <tr> <td>Provinces</td><td>566</td><td>37.5%</td></tr> <tr> <td>Districts</td><td>1,137</td><td>38%</td></tr> <tr> <td>Total</td><td>2,267</td><td>37.5%</td></tr> </table> <p>To provide for structured and sustainable capacity development, the PARTI was established within the MOHA in 2012. PARTI is a nonpolitical civil service capacity-building institution. In a related reform, the MAF worked to strengthen capacity at the local level by conducting training to improve gender-sensitive planning, monitoring, and evaluation, including gender-specific health issues such as improving service delivery for maternal and child health. A total of 1,138 district officials received this training (financial management, personnel management, and service delivery), of which 432 (38%) were women.</p> <p>The content of the general management training is as follows: (i) Context of PBFM: Sam Sang; (ii) Introduction to Strategic Planning, (iii) Overview of Lao PDR Five Year and Annual Planning processes, (iv) District finance functions and roles; (v) Gender based budgeting, vi) Preparing a district project proposal; and (vii) Overview of Internal Audit process. In addition, a manual for gender mainstreaming was prepared which included sections devoted to: (i) training approaches and methods; (ii) gender concepts and definitions; (iii) gender mainstreaming; (iv) gender analysis tools; and (v) gender action plans. MAF developed gender strategy 2011–2015 and 2016–2025. MOH developed gender strategy 2019–2025.</p>	Agencies			Provinces	566	37.5%	Districts	1,137	38%	Total	2,267	37.5%
Agencies														
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Activity 6	<p>The government approved the NSAW 2011–2015 and established specific gender targets for a range of sectors. The Five-Year Strategy for the Advancement of Women in Agriculture and Forestry Sector, 2011 to 2015 to support women's increased access to resources and decision-making positions in the sector was approved in May 2012.</p>	<p><b>Achieved.</b></p> <p>The NCAW was mandated to develop, and gradually mainstream policies and processes related to gender equality and the empowerment of women. The strategy contains a number of goals including: (i) reduce discrimination and violence against women at high level; (ii) advocacy, movements, awareness raising for society on importance of women's advancement, ensuring gender equality and women's empowerment to participate in political, economic socio-cultural and family lives; (iii) strengthen network of Sub-Committees for the Advancement of Women at all levels to be able to implement National Strategy for Women's Advancement and CEDAW with priority given to strengthening Lao ENCAW Secretariat; (iv) provide equal opportunity to both women and men in political,</p>												

		<p>economic socio-cultural and family lives; (v) increase women in decision-making positions in all fields and at all levels; (vi) provide equal access to economic resources, decent livelihoods and ownership in decision making by making meaningful contributions to wellbeing of people of all ethnic groups; (vii) ensure wellbeing of women and girls by increasing access to improved education, healthcare, social welfare, sources of funding and national resources; (viii) increase international cooperation with friendly countries and international organizations aimed at exchange of information, lessons, attracting technical and financial support to organization of women's advancement, CEDAW implementation, Beijing Platform of Actions and MDGs. The strategy also adopted several quantitative goals. For decision making positions, women should represent 30% of national Assembly membership, 15% of leadership in party positions, and 40% of leadership positions in the education, health, social, cultural, and economic sectors. In education, the strategy calls for increasing opportunities for women to access education at all levels as follows: 98% at primary education level, 75% at lower secondary education, 75% at upper secondary education, and 50% at tertiary and university level. In addition, female teachers will be increased to a level of one-third of the total male staff. Finally, there is a target for eliminating illiteracy of women aged 15-40 at a rate of 2% per annum. In addition, the MAF approved a similar plan to establish a roadmap for increased women's access to resources and decision-making positions.</p>
<b><i>Output 3. Strengthening investment management capacity in the public sector for private sector investments and identifying potential public-private partnership arrangements</i></b>		
Activity 7	<p>Government endorsed the revised Technical Guidelines on Compensation and Resettlement of People Affected by Development Projects in June 2011. 101 staff of MONRE and line agencies from 3 provinces and 9 districts were trained on social safeguards (including gender issues in resettlement, such as women's legal rights to land and property in resettlement packages, gender sensitive income restoration programs, etc., during September 2011–March 2012)</p>	<p><b>Achieved.</b></p> <p>The government issued a moratorium on concessions for 2 years pending review of the existing policies and legal framework. In the interim, the government endorsed the revised Technical Guidelines on Compensation and Resettlement of People. Training on social safeguards was provided to the staff of the MONRE and line agencies. Complementary measures were also introduced to establish working groups to finalize the National Land Master Plan and the National Land Policy to further streamline land management.</p>
<b><i>Sub-program 2</i></b>		

Output 1. Implementation of multi-year budgeting and intergovernmental fiscal relations									
Target 3	The government approved rules of procedure for coordination of objectives and discussion of the audit reports of SAO by the EPFC, and put into practice the procedures for discussion and submission of recommendations to the National Assembly by the EPFC on the audit reports, including training of EPFC members, and SAO staff (30% female staff trained).	<b>Achieved.</b> Coordination between the EPFC of the National Assembly and the SAO was strengthened by ensuring a detailed examination of SAO's audit reports by the EPFC. A hearing by the National Assembly on the SAO's audit report on government expenditures was required and the SAO was mandated to follow up on the resolutions of the National Assembly. Comprehensive training for 500 EPFC staff members and members of the National Assembly was conducted.							
Output 2. Strengthening civil service capacity at the central and subnational level, including gender responsive capacity									
Activity 8	National Leading Committee on NGPAR continued timely implementation and regular monitoring of the Strategic Plan on Governance 2011–2020, including promotion of gender equality in public administration.	<b>Achieved.</b> The government's national leading committee on NGPARP, chaired by the deputy prime minister, and the NGPAR program board continued to closely monitor public administration reforms. Both met regularly in 2012–2014. In addition, the MOHA continued to facilitate the establishment of divisions on the advancement of women in home affairs offices at provincial and district levels to ensure mainstreaming of gender equality in public administration at the							
Activity 9	NGPAR Program Secretariat submitted regular progress reports on implementation of project activities by cluster managers and coordinated development partner assistance. Divisions on Advancement of Women were established in home affairs offices at provincial and district levels to ensure mainstreaming of gender in public administration at local level and to support strengthening of capacity of female civil servants at local level.	<b>Achieved</b> NGPAR Program Secretariat submitted regular progress reports on implementation of project activities to all relevant sectors and coordinated development partner assistance to ensure mainstreaming of gender in public administration at local level and to support strengthening of capacity of female civil servants at local level.  Divisions on Advancement of Women were established in home affairs offices on 5 September 2012.  Divisions on Advancement of Women at provincial and district levels were established in 2017.							
Target 4	PARTI started delivery of training to civil servants at central, provincial, and local levels. 30% of trainees are women. Gender equality was mainstreamed in the training	<b>Achieved.</b> <table><tr><td></td><td>Numbers Trained</td><td>% Females</td></tr><tr><td>Ministries/Central Agencies</td><td>564</td><td>37.4%</td></tr></table>			Numbers Trained	% Females	Ministries/Central Agencies	564	37.4%
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	programs, and specific courses on gender responsive planning, budgeting and HR management have been prepared. To ensure gradual improvement in its staffing and resources, the PARTI submitted draft five-year Strategic Development Plan to MOHA for review.	<table> <tr> <td>Provinces</td><td>566</td><td>37.5%</td></tr> <tr> <td>Districts</td><td>1,137</td><td>38%</td></tr> <tr> <td>Total</td><td>2,267</td><td>37.5%</td></tr> </table> <p>PARTI delivered training to civil servants at central, provincial and local levels. Of the attendees, 37.5 % were women. The courses covered public administration, office management, induction for new recruits, training of trainers, leadership development and planning, and budgeting and financial management for managers not expert in finance. PARTI incorporated gender content into its courses through dedicated courses on gender mainstreaming and gender and human resource management. At the time of subprogram 2, PARTI had 17 staff members, of whom 6 were women.</p>	Provinces	566	37.5%	Districts	1,137	38%	Total	2,267	37.5%
Provinces	566	37.5%									
Districts	1,137	38%									
Total	2,267	37.5%									
Activity 10	<p>MOHA strengthened government wide efforts to disseminate the new administrative arrangement to strengthen districts and established a plan for organizational development of district administration.</p> <p>(i) MOHA ensured that representatives of the Lao Women's Union are members of district development committees.</p>	<p><b>Achieved.</b></p> <p>Under the Strengthening Capacity and Service Delivery of Local Administrations Project, funded by the UNDP, the government ensured that the head of the district Lao Women's Union and one female village representative were members of the district development fund committees to empower women in the decision making at the local level.</p>									
Activity 11	NCAW and MAF capacity strengthened to monitor the implementation of the action plans and sectoral targets developed under the NSAW 2011–2015 and the Five-Year Strategy for the Advancement of Women in Agriculture and Forestry sector—reporting on selected NSAW indicators.	<p><b>Achieved.</b></p> <p>A comprehensive monitoring, evaluation and reporting framework was completed, and training was conducted for NCAW staff . As part of the implementation of the five-year strategy for the advancement of women in the agriculture and forestry sector, the MAF developed a comprehensive framework and conducted capacity building to mainstream gender equality into sector planning, budgeting, and monitoring, evaluation and reporting.</p> <p>Capacity development began with a study visit to the Ministry of Agriculture. This was followed by a questionnaire survey which was carried out in December 2013. The purpose of the survey was to obtain a baseline assessment of the gender mainstreaming capacity and resources available within MOHA. The survey was designed to increase awareness of gender and women's empowerment issues among managers and staff, how the issues are addressed and the</p>									

		<p>progress, challenges, and future actions to take. The workshops included understanding the international and national legal and policy frameworks for the advancement of women, and how to conduct gender analysis to promote gender equality and women's empowerment in governance and public services. Using these inputs, a gender mainstreaming training course manual was drafted, revised and training of trainers carried out. The course content consisted of the following; i) gender concepts and definitions of women's equality and empowerment, ii) gender mainstreaming, gender analysis and gender budgeting, iii) gender analysis tools to identify problems and solutions for promoting women's advancement, and iv) preparing, implementing, monitoring and evaluating gender action plans.</p>
<b><i>Output 3 - Strengthening investment management capacity in the public sector for private sector investments and identifying potential public-private partnership arrangements</i></b>		
Activity 12	<p>Government progressed in improving the policy and legal framework on land concession oversight, and conducted capacity building of relevant officials at the central (including MPI, MAF and MONRE), provincial and district levels on appraisal techniques (financial and economic analysis, including social, gender and risk assessments) to screen, award, and monitor investment proposals, including those containing land concession provisions</p>	<p><b>Achieved.</b></p> <p>MONRE made headway in developing a national land policy and amendments to the country's land law. Both drafts were in final preparation for presentation to the National Assembly. MONRE also developed revisions to the decree on compensation and resettlement for development projects to improve fairness and the scope of compensation in cases of land acquisition and resettlement in the public interest. Moreover, to synchronize land and environmental sustainability frameworks, MONRE developed a national resources and environment policy. Land management issues were mainstreamed by revising the Lao PDR's national investment policy, which was subsequently submitted to the MPI minister for approval. To implement these reforms, the government conducted a comprehensive program to build capacity in the MPI, MAF, and MONRE at the central and provincial levels. A total of 271 staff members, 40% of which were women, were given this training.</p> <p>The training itself was oriented around the documentation delivered to evaluate, and administer PPPs.</p> <p>The project follows the Land Law of 1997, which was amended in 2003, provides that while land is owned by the state, all citizens have equal rights to use that land equally. The Land law states that "property that is acquired before marriage received through inheritance or granted specifically to a particular spouse is not</p>

		considered as conjugal property." Furthermore, land acquired by a couple is to be issued a joint land use certificate or title. The Department of Land Management in Ministry of Natural Resources and Environment and Lao Women Union seriously interpret the above-mentioned law into practice. Every village has a representative of LWU in the village management team, when land management staff come to the village for preparing titling, she is the person to ensure that all land acquired by a couple is to be issued a joint land use certificate.
Activity 13	MPI developed and conducted stakeholder consultations on the draft Prime-Minister Decree on PPPs and adopted a schedule for the approval of such decree. The decree will reflect government policy and principles for PPPs, institutional set-up, project preparation support arrangements, investor selection procedures, treatment of unsolicited proposals, government support options and mechanisms, and mainstreaming of gender considerations in PPPs.	<p><b>Achieved.</b></p> <p>The framework sets out a road map for PPP reforms over the period 2014–2016. MOI also began public consultations to support the eventual adoption of a decree on PPPs which was to be submitted to the prime minister's office by the end of 2014. The decree reflected government's policy and principles for PPPs, including the institutional set-up (e.g., high-level government committee on PPPs, a nodal PPP office, and a project development facility), project preparation support arrangements, investor selection procedures, treatment of unsolicited proposals, government support mechanisms (e.g., viability gap and contingent liability funding).</p> <p>Mainstreaming gender into PPP projects was accomplished largely at the operational level. For example, the Decree on PPPs is largely silent on gender issues, but the implementing regulations require a gender impact assessment and gender action plan to be included in all feasibility studies and project proposals. In addition, gender guidelines and checklists have been prepared to guide this process. First, an overall set of guidelines was provided – largely consisting of recommendations – which require a gender expert to be retained for each project to prepare a gender analysis and action plan, to prepare strategies and mechanisms to implement the gender action plan, and to brief the sponsor implementing agency and project bidders.</p>
Activity 14	MOH and MOES established PPP committees and progressed in development of outline business cases for two health and one education sector PPP project. Gender guidelines and checklists were developed, and gender expertise was	<p><b>Achieved.</b></p> <p>The MOH and MOES established PPP committees and prepared pre-feasibility studies for two pilot PPP projects in the health sector and two in education sector. A gender expert was engaged in developing the outline business cases for 2.3 person months.</p>



	<p>engaged in developing the outline business cases.</p>	<p>The prefeasibility studies covered gender considerations, such as an assessment of the education and health status of women, assessment of their access and use of facilities, establishment of sex- disaggregated baseline information, assessment of employment opportunities for women during the construction and operation phases of the project, and analysis of project impacts on the security and safety of women.</p> <p>In addition, a program level gender checklist was prepared that provides gender inputs in each phase of the PPP project process. These processes are: project identification (identify potential issues and collect sex-disaggregated data); preliminary design stage (identify gender goals and targets); feasibility study (assess impacts and provide appropriate content to TORs for consulting firms); tendering and contracting (brief the private sector and establish data collection); construction (monitor and reporting), and; monitoring and evaluation (develop a monitoring system and formulate strategies to enhance opportunities for women).</p> <p>As part of the project, four feasibility studies (business cases) were developed; two for the health sector and two for the education sector. While gender was considered, the primary purpose of the business cases was to determine financial viability as a pre-requisite to continuing with the projects. As such, gender considerations, while mentioned, were limited to recommendations for the next step in the processing.</p> <p>The project carried out a series of 14 inter-ministerial workshops to raise awareness, build capacity and consult on PPP policy formulation, including training on gender aspects of PPP (source: End of Project Report, draft final, July 2018 page 11).</p> <p>Gender considerations were integrated into PPP framework . Under Article 3 of draft PPP decree in April 2015 the project proposed to insert that “Ensure due diligence to mitigate negative impacts on women and children and to maximize their benefits to more equal employment and more affordable services within the control of PPP’s enactment and implementations. Article 12.3, concerning feasibility studies, mentioned that: “A gender impact assessment was agreed as a stand-alone to accompany an environmental assessment and social assessment.</p>
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		<p>These include gender action plans to promote equitable access to basic affordable services and equal employment opportunities for both men and women”.</p> <p>(Source: Final Report of Component 3 Public Private Partnerships of the Governance and Capacity Development in Public Sector Management Program. Dated 5 October 2015. Page-51).</p>
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ADB = Asian Development Bank; CEDAW = CEDAW = Convention on the Elimination of All Forms of Discrimination against Women; DAWMC = division for the advancement of women; DMF = design monitoring framework; EPFC = economic planning finance committee; Lao PDR = Lao People's Democratic Republic; MAF = Ministry of Agriculture and Forestry; MDG = Millennium Development Goal; MOES = Ministry of Education and Sports; MOF = Ministry of Finance; MONRE = Ministry of Natural Resources and Environment; MPI = Ministry of Planning and Investment; MSE = Micro and Small Enterprise; MTEF = medium-term expenditure framework; NCAW = National Commission for the Advancement of Women; NGPAR = National Governance and Public Administration Reforms; NSAW = National Strategy for the Advancement of Women; PARTI = Public Administrative Research and Training Institute; PFMSPP = Public Financial Management Strengthening Program; PPP = public-private partnership; SAO = State Audit Organization; TOR = terms of reference; UNDP = United Nations Development Programme.