



# Lao People's Democratic Republic

**Peace Independence Democracy Unity Prosperity**

Prime Minister's Office

No. 75/PM

Vientiane Capital, dated 20 March 2009

## Decree

### on the Management and Utilization of Official Development Assistance

- Pursuant to the Law on the Government of the Lao PDR (amended) No. 02/NA, dated 06 May 2003;
- Based on the unanimous agreement in the Government Meeting, dated 17-18 December 2008 and unanimous agreement in the consultation meeting between the Ministry of Foreign Affairs, the Ministry of Planning and Investment and the Ministry of Finance, dated 16 February 2009;
- Based on the proposal letter of the Ministry of Planning and Investment, No. 0407/PI.DIC, dated 24 February 2008 and the letter of the Public Administration and Civil Service Authority, No. 23/PACSA, dated 24 February 2009.

**The Prime Minister of the Lao PDR issues a Decree:**

### Chapter I

#### General Provisions

**Article 1.** An Official Development Assistance “hereinafter refer to ODA” consists of two types: grant and soft loan that the Lao PDR receives from External sources, such as: governments, international financial institutions, international organizations, international non-government organizations including funds, foundations, legal entities, individuals and other.

**Article 2.** The Lao People's Democratic Republic receives ODA based on the principles of respect of independence, National sovereignty, laws and regulations of the Lao PDR, and uses the ODA

to contribute to the national socio-economic development in accordance with the prioritized plans of the Government in order to meet the objectives of stimulating the economic growth and National poverty eradication moving the country out of the list of least developed countries. In order to achieve those objectives, the Government will administer and use the ODA based on one door policy to ensure effectiveness and efficiency.

**Article 3.** ODA consists of:

1. Grant/program loan;
2. Grant/project loan;
3. Grant/non-project loan;
4. Grant Technical Assistance;
5. Other grant/loans.

**Article 4.** The Lao People's Democratic Republic considers ODA in the form of grant assistance as top priority and will use it for the implementation of the plans, programs and projects in the fields of socio-economy, science, technology and the environment. The Lao PDR will use the ODA in the form of grant assistance and soft loan for the construction and upgrading the socio-economic infrastructures and commodity good production as in the National Socio-Economic Development Plan.

**Article 5.** Mobilization of the ODA shall be based on the priority programs and projects defined in the national socio-economic development plan in each period.

## **Chapter II**

### **Rights and Duties of the Government, Ministries, Agencies and Local Administration in the Management of the ODA**

**Article 6. The Government has the following rights and duties:**

- 6.1 To determine direction, strategy and policy on the mobilization, seeking for and manage of the ODA;
- 6.2 To consider, authorize, agree to and approve:
  - ODA plans, programs, and projects as proposed by of the Ministry of Planning and Investment based on unanimous consultation with the Ministry of Foreign Affairs and the Ministry of Finance;
  - Cooperation agreements, and strategic plans or framework of cooperation as proposed by the Ministry of Foreign Affairs based on unanimous consultation with the Ministry of Planning and Investment and the Ministry of Finance;
  - ODA plans, programs and projects with the SR Vietnam, PR China as proposed by the Ministry of Planning and Investment based on unanimous consultation with the Ministry of Foreign Affairs and Ministry of Finance;
  - The result of the final evaluation for a loan project as presented by the Ministry of Planning and Investment based on unanimous consultation with the Ministry of Foreign Affairs and to assign the Ministry of Finance to lead the negotiation with the fund provider;

- Result of negotiation of a loan project as presented by the Ministry of Finance;
- Grant projects that are not in the socio-economic development plan as proposed by the Ministry of Foreign Affairs based on unanimous consultation with the Ministry of Planning and Investment and the Ministry of Finance;
- The signing, amendment and cancellation of ODA agreements;
- The allocation of ODA and the provisions of the government contribution for the implementation of ODA programs/projects in the National Socio-economic Development Plan and annual budget plan.

6.3 To supervise the monitoring, inspect the implementation and evaluation of the utilization of the ODA;

6.4 To assign the Ministry of Finance or authorized person to represent the Government of the Lao PDR to sign foreign loan agreement.

**Article 7. The Ministry of Foreign Affairs has the following rights and duties:**

- 7.1 To act as focal point and to liaise with foreign countries for the request proposals of the ODA and emergency assistance based on the one door policy principle;
- 7.2 To take the lead in coordination and cooperation with the Ministry of Planning and Investment and Ministry of Finance, other concerned ministries and agencies and local authorities to elaborate the policy, and political direction of the Government for mobilizing of ODA;
- 7.3 To take the lead in coordination and cooperation with the Ministry of Planning and Investment and Ministry of Finance, other concerned ministries and agencies and local authorities to prepare to submit proposals for approval and to negotiate and sign master agreements or strategic documents and framework of cooperation with foreign countries and international organizations concerning ODA cover on general context related to political, socio- economic issues;
- 7.4 To take the lead in the development of strategy, plan, program, and cooperation projects with International Non-government organizations, including associations, funds, foundations, legal entities, individuals and others, to consider and approve, and manage the project implementation based on the coordination and cooperation, and the proposals of the concerned sectors, agencies and local authorities;
- 7.5 To notify the approval of the ODA projects to International Non-government organizations, including associations, funds, foundations, legal entities, individuals and others;
- 7.6 To issue Power of Attorney to the Ministry of Planning and Investment and the Ministry of Finance, and concerned ministries, agencies and local authorities to sign ODA project agreements;
- 7.7 To participate in the monitoring, inspection, supporting and evaluating the implementation of ODA programs/projects quarterly, bi-annually and annually with concerned ministries, agencies and local authorities, including the fund providers;
- 7.8 To coordinate with the concerned ministries, agencies and local authorities organize and participate in training on the management and implementation of ODA program/projects;
- 7.9 To coordinate with the concerned ministries, agencies, and local authorities to propose a reward to officials of embassies, international organizations, and International non-government

organizations, including associations, funds, foundations, legal entities; individuals and other that have outstanding achievements in the contribution of assistance to the Lao PDR;

- 7.10 To coordinate and cooperate with concerned ministries, agencies and local authorities to collect data and information and summarize the result of the implementation of cooperation program/projects with International non-government organizations, including associations, funds, foundations, legal entities; individuals and other in order to provide reports to the government regularly.

**Article 8. The Ministry of Planning and Investment has the following rights and duties:**

- 8.1 To prepare a plan for mobilizing of the ODA to support the implementation of the National Social Economic Development Plan in each period;
- 8.2 To take the lead in coordination and cooperation with the Ministry of Foreign Affairs, Ministry of Finance, ministries, agencies and local authorities in the implementation and elaboration policy and political direction of the Government in ODA mobilizing;
- 8.3 To take the lead in coordination and cooperation with concerned ministries, agencies and local authorities, based on the cooperation agreements and strategic documents or the framework of cooperation that already endorsed by the Government, the Ministry of Foreign Affairs has already signed with its foreign counterparts to prepare and develop concrete plans, programs, and projects with subject of government approval and present these for ODA mobilization through Round Table Meeting mechanism;
- 8.4 To coordinate and cooperate with concerned ministries, agencies and local authorities to prepare, develop concrete grant project documents and then propose to the government for approval and to notify concerned ministries, agencies and local authorities who are the project owners to negotiate and sign the agreement for the implementation;
- 8.5 To coordinate and cooperate with the Ministry of Finance and Ministry of Foreign Affairs to review and reconfirm the loan request plan in each year and then to notify the concerned ministries, agencies and local authorities;
- 8.6 To take the lead in coordinate and cooperate with the Ministry of Finance and Ministry of Foreign Affairs and concerned ministries, agencies and local authorities for the preparation of loan project in each stage from the inception phase to final evaluation and then to present to the Government for approval;
- 8.7 To take the lead in the development and implementation a system for monitoring and evaluation of ODA projects;
- 8.8 To take the lead in coordination and cooperation with concerned ministries, agencies and local authorities in the management, monitoring, inspection and supporting the implementation of ODA projects, including the collection of data and information and summarizing the results of the implementation of such projects and to organize quarterly, semi-annually and annually meetings with the Development Partners, and to report the outcomes to the Government;
- 8.9 To coordinate and cooperate with concerned ministries, agencies and local authorities in organizing the training workshops for the officers in charge of management and implementation of ODA program/project;

- 8.10 To coordinate and cooperate with concerned ministries, agencies and local authorities to summarize plans for domestic contributions in order define annual budget allocation for the ODA program/project in accordance with the obligations as defined in the agreements with foreign partners;
- 8.11 To take the lead in coordination and cooperation with concerned ministries, agencies and local authorities in the management and propose reward to the experts and volunteers of the international organizations and Development Partners working in the Lao PDR under the ODA programs/projects.

**Article 9. Ministry of Finance has the following rights and duties:**

- 9.1 To take the lead in coordination and cooperation with concerned ministries, agencies and local authorities in the preparation loan program/project plan;
- 9.2 To appoint a negotiating team, based on the approval of final evaluation of project documents and the authorization of the Government, to negotiate loan project and then to report the outcomes to the government for endorsement;
- 9.3 To take the lead in drafting of loan agreement after the final approval of program/project document in coordination and cooperation with concerned ministries, agencies and local authorities;
- 9.4 To take the lead in coordination and cooperation with concerned sectors to get legal opinion in order to ensure legal validity of the loan agreement;
- 9.5 To take the lead in procedures of replenishment from the account of the fund providers and to manage the holding the account of the ODA programs/projects;
- 9.6 To take the lead in coordination and cooperation with the fund providers and concerned sectors in organization of training on the regulations on the reimbursement of the ODA, financial administration, procurement of goods and consulting services;
- 9.7 To coordinate and cooperate with concerned ministries, agencies and local authorities in monitoring, inspection and evaluation of the implementation of loan projects in each period;
- 9.8 To coordinate and cooperate with concerned ministries, agencies and local authorities in the management and monitoring the use of the assets of ODA projects;
- 9.9 To take the lead in consideration of conditions of on lending loans projects extended to State owned enterprises and other economic units;
- 9.10 To take the lead in the monitoring and summarizing the financial activities of the ODA supported enterprises;
- 9.11 To coordinate and cooperate with concerned ministries, agencies and local authorities in collection and summarizing the results of the implementation of ODA programs/projects and then report to the Government.

**Article 10. The Ministry of Justice has the following rights and duties:**

- 10.1 To coordinate and cooperate with concerned ministries, agencies and local authorities to participate in the preparation and negotiation of loan programs and projects;

10.2 To take the lead in consideration and provision of legal opinion on the loan program/project agreements, when necessary, it shall present to the National Assembly for issuance of the legal opinion.

**Article 11. Other ministries and authorities have the following rights and duties:**

11.1 To develop detail ODA program/project that are related to their sectors' strategies; to negotiate and sign specific agreements with the fund providers based on the consent of the Ministry of Planning and Investment;

11.2 To the Ministry of Foreign Affairs, Ministry of Planning and Investment and Ministry of Finance to define the strategy, framework of cooperation, cooperation plan with foreign countries in each period, including the mobilization of ODA funding related to their sector

11.3 To prioritize the needs of for domestic contributions for the ODA programs/projects founding under their responsibility as provided in the agreements and then submit to the Ministry of Planning and Investment to include in to the annual budget plan;

11.4 To appoint a Steering Committee and Management Team for the ODA programs/projects as provided in the program/project documents and agreements signed with the donors;

11.5 To summarize and report the disbursement, including the progress of the implementation of ODA programs/project monthly, quarterly, semi-annually and annually to the Ministry of Foreign Affairs, Ministry of Planning and Investment and Ministry of Finance;

11.6 To coordinate with concerned local authorities to manage and reward expatriate experts and volunteers working for ODA programs/projects and have outstanding achievement in the contribution of assistance to the Lao PDR;

11.7 To submit the import of materials, equipment and vehicles plan which to be used under ODA programs/projects implementation to the Ministry of Planning and Investment for approval

11.8 To approach development partners in order to seek grant or soft loans for implement sector strategies and then to present to the Ministry of Planning and Investment.

**Article 12. Obligations and Roles of Local Administrations:**

12.1 To develop ODA's detail programs/projects, which are related to their local strategies; to negotiate and sign agreements to implement specific project with donors according to the agreement of the Ministry of Planning and Investment;

12.2 In collaboration with Ministry of Foreign Affairs, Ministry of Planning and Investment and Ministry of Finance to define the strategy, framework of cooperation and cooperation plan with foreign countries periodically, including the mobilization of ODA funding that related to their local strategies;

12.3 To prioritize the needs of domestic contributions for the ODA programs/projects within their responsibility according to the signed agreements with foreign countries and submit to the Ministry of Planning and Investment to be included in annual budget plan;

12.4 To appoint Steering Committee and Management team of ODA programs/projects as specified in the program/project document and loan agreements with the donors;

- 12.5 To report the summarized disbursements, including the evaluation of the progress of implementation of ODA program/project monthly, quarterly, semi-annually and annually to the Ministry of Foreign Affairs, Ministry of Planning and Investment and Ministry of Finance;
- 12.6 To coordinate with concerned ministries and agencies to manage and reward experts and volunteers working for ODA programs/projects and produce outstanding achievement in the contribution to the Lao PDR's assistance;
- 12.7 To submit the import of materials, equipments and vehicles plan to be used under ODA programs/projects to the Ministry of Planning and Investment;
- 12.8 To approach Development Partners for ODA assistance for support the implementation of the local strategies and then present to the Ministry of Planning and Investment.

### **Chapter III**

#### **Implementation of ODA Programs and Projects**

**Article 13.** The management and utilization of the ODA for the implementation of programmes/projects shall be aligned with this decree and financial regulations of the Lao PDR.

**Article 14.** Concerned ministries, agencies, and local authorities who are the programs/projects owners shall be directly responsible for the implementation of the programs/projects. The Ministry of Planning and Investment, Ministry of Foreign Affairs, Ministry of Finance, and other concerned parties have the duties to monitor, inspect, provide advice and facilitate the implementation of the ODA programs/projects to ensure effectiveness and efficiency.

#### **Article 15. Termination of Project**

- 15.1 Three month prior project termination, the concerned ministries, agencies and local authorities who are the owners of the programs/projects shall report the assessment and evaluation result of the implementation of the projects, and to report the lists of assets of the programs/projects to the Ministry of Planning and Investment, Ministry of Foreign Affairs and Ministry of Finance;
- 15.2 The Ministry of Planning and Investment, Ministry of Foreign Affairs and Ministry of Finance are to organize meeting to consider the report and to provide unify comments or directions on the report and then to organize the meeting with project involved parties and donors;
- 15.3 After the termination of programs/projects, the concerned ministries, agencies, and local authorities who are the owners of the programs/projects shall summarize list of assets and transfer to the Ministry of Finance to administer and develop a plan for asset's reallocation subject to Government's approval.

### **Chapter IV**

#### **Final Provisions**

**Article 16.** The Ministry of Planning and Investment is assigned to issue a detail guideline for the implementation of this decree; The Ministry of Foreign Affairs shall issue a detail guideline on the administration and use of funds from international non-government organizations, including

the funds, foundations, legal entities, individuals and other; the Ministry of Finance shall issue regulations on the administration and use of loans to the ODA programs/projects.

**Article 17.** Ministries, agencies, and local authorities are obligated to strictly implement this decree.

**Article 18.** This decree replaces the Decree No. 168/PM, dated 22 November 2004, and shall be valid from the date of signing.

The Prime Minister of the Lao PDR

Bouasone BOUPHAVANH