



Lao People Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Industry and Commerce

No: 1998/MOIC.DOPC
Vientiane Capital, 31 October 2016

**Decision
On
Management and Use of Official Development Assistance
In the Industry and Commerce and Private Sectors**

- Pursuant to the Decree on Management and Use of Official Development Assistance, No. 75/PM, dated 20 March 2009;
- Pursuant to the Decision on the Establishment and Activities of Department of Planning and Cooperation, No. 1151/MOIC, dated 30 June 2016,

**The Minister of Ministry of Industry and Commerce
hereby issues the Decision:**

Section 1: General Provisions

Article 1 Objectives

In order to ensure uniform management and use of Official Development Assistance, consistent with the relevant laws and regulations, to be consolidated at ministry level with the aim to ensure the ultimate benefits of the development of industry and commerce and private sectors, this Decision determines basic directives and principles on consideration and approval, implementation, management, monitoring and assessment of line assistance projects under the Official Development Assistance or “ODA” in the field of the development of industry and commerce and private sectors through a centralized platform.

Article 2 Basic Principles

The management and use of Official Development Assistance shall be based on the principles of the Vientiane Declaration on Partnership for Effective Development Cooperation (2016-2025), dated 27 November 2015, between the Government of Lao PDR and Vientiane Development Partners as below:

- To promote ownership in the establishment, implementation and reporting results of assistance projects through establishment of assistance projects based on the five-year development plan of industry and commerce and private sectors;
- To support the existing management system and implementation mechanism and avoid overlapping projects;

- To support the reduction of procedures in planning, implementing, assessment monitoring and auditing, and promoting project implementing procedures through multi-donor trust funds with the aim to reduce project implementation costs;
- To support cooperation of all parties relating to project implementation in order to enhance the effectiveness and efficiency of ODA;
- To support transparency and joint accountability of the results of ODA between the implementing agencies and donors;
- To support participation and contribution of the private sectors in establishing, implementing, assessment monitoring of line projects supported by ODA fund;
- Mobilization of funds shall be made in conjunction with an assurance of effectiveness of use of ODA fund.

Article 3 Definition of ODA

ODA in this Decision refers to assistance in the forms supported by the development partnership countries, mostly OECD member countries which provided assistance through their executing agencies or through regional, multilateral or bilateral agencies in the forms of grant aids or concessional loans in connection with the commercial and private sectors.

Article 4 Types of ODA

ODA may be provided through the forms of financial, material support, technical support, technical knowledge transfer, State budget support, program or project support, program or project co-financial support and others.

Article 5 Forms of ODA Project Implementation

ODA program or project support is of two implementation forms, such as:

1. Implementation by the Government of which support mostly provided through donor countries, regional and international organizations, i.e., international financial institutions, such as, World Bank, Asia Development Bank, line development Funds supported by multilateral donors;
2. Implementation by the executing agencies of donors, international financial institutions, United Nation units, non-profit development agencies, non-governmental organizations, consultancy companies and others.

Section 2: ODA Coordination and Fund Mobilization

Article 6 Reference for ODA Mobilization

Main basis and reference for assistance projects are such priorities as determined in the vision, strategy, national economic and social development plan, and development plan of the commercial and private sectors from time to time, necessity and needs of various departments and units within the relevant ministries and sectors.

Article 7 ODA Coordination and Mobilization

The Department of Planning and Cooperation is the main unit for ODA coordination and mobilization in close collaboration with the Cabinet, technical departments and institutions and collaboration with other relevant sectors pursuant to the basic principles of Vientiane Declaration between the Government and development partners on Partnership for Effective Development Cooperation by using bilateral consultation mechanism through various units of commercial and private sectors, round table meetings, Aid for Trade mechanism in the international forums, consultation forums for business development of private sectors, small and medium enterprises, economic joint committees and other forums.

Section 3: Procedure of Preparation and Approval of ODA Project

Article 8 ODA Project Preparation

The Department of Planning and Cooperation is responsible for the preparation, coordination and research of preliminary contents of ODA documents of all projects engaged in the support of activities of the Ministry in collaboration with the Cabinet, technical departments, institutions and other relevant sectors, including private sectors, development sectors, and then, submit the same to the management committee of the Ministry for comments and further guidance.

Article 9 Approval of ODA Project

After obtaining unanimous approval of the project document contents, the Department of Planning and Cooperation shall have the duty to request approval from the Ministry of Planning and Investment, Ministry of Foreign Affairs and Ministry of Finance.

For ODA project to be implemented by the executing agency of the donor countries, after obtaining the approval, the Department of Planning and Cooperation shall have the duty to prepare the Memorandum of Understanding (MOU) or project contract with the donors for which the bilateral co-signature shall be based on the level of the partners' position.

For ODA project to be implemented by the Government, after obtaining approval, the Department of Planning and Cooperation shall be responsible for collaborating with the departments concerned, Ministry of Finance or Ministry of Planning and Investment, to negotiate on the project conditions with the donors for unanimous agreement on the contents and conditions of the project.

For projects supported by international financial institutions, after obtaining approval from the Government, the Ministry of Finance shall sign the project contract on behalf of the Government, and in cases where the source of funds is not from the financial institution, the Government may assign the Ministry of Industry and Commerce to sign the project contract on behalf of the Government.

Section 4: Mechanism of Project Execution and Implementation

Article 10 Program Executive Committee and Project Review Committee

All ODA projects shall have an uniform management and execution at two levels, i.e., level of a committee for project progress, implementation review or Project Review Committee (PRC) of which the management of Department shall be the president, and level of a committee for program execution or Program Execution Committee (PEC) of which the Minister shall be president.

The PEC meeting shall be convened once a year to review the progress of project implementation, to adopt the annual report and annual action plans of all projects.

The PRC meeting shall be convened every six months by separating each project to review in detail the progress of project implementation and to discuss the action plans before submitting the same to PEC for approval. The roles in detail of PEC and PRC are determined in the terms of reference (TOR) for the units of commercial and private sectors at the round table meeting.

Article 11 Secretariat

The Department of Planning and Cooperation is the secretariat to the units of the commercial and private sectors at the round table meeting which shall be meet every six months under the co-chair of the Minister and donors' representatives as a consultation forum between the Government and donors on the priority development sectors.

The Department of Planning and Cooperation is the secretariat to the PEC.

The Department of Planning and Cooperation or a technical department is the secretariat to the PRC as per assignment.

Section 5: Mechanism of Project Implementation, Project Monitoring and Management

Article 12 Project Implemented by Government

For projects to be implemented by the Government, it is required to use the existing project implementation mechanism which is the Division of Foreign Assistance Implementation in the National Implementation Unit (NIU). The Department of Planning and Cooperation shall have the duty to coordinate and plan all project activity implementation, including financial activities, procurement, monitoring and assessment. Line technical departments shall act or be directly responsible for the implementation of activities and results of projects under their own responsibility.

Article 13 Project Implemented by Donors

For projects to be implemented by donors connected with the components of a single technical department or unit within the Ministry, such department or unit shall be assigned to be technical counterpart for such project implementation, and it shall be

responsible for the effectiveness of the project, including project activity implementation and report on the progress of project implementation to the Minister, and such report shall be sent also to the Department of Planning and Cooperation for information consolidation and collection. In this case, the Minister will designate a representative of the Department as a project director of the Government side. The person to be designated shall be one from the management level of the Department and shall be the co-chairman of the meeting of PRC.

For projects to be implemented by the donors connected with components connected with components of two technical departments or units within the Ministry, the Department of Planning and Cooperation or any designated technical department shall be responsible for coordination and project activity implementation, including responsibility for the effectiveness of the project and report on the progress of project implementation to the Minister, and such report shall be sent also to the Department of Planning and Cooperation for information consolidation and collection. In this case, the Minister will designate a representative of the Department of Planning and Cooperation or a technical department as a project director of the Government side. The person to be designated shall be one from the management level of the Department and shall be the co-chairman of the meeting of PRC.

For the project to be implemented by the donors as a regional project with a regional management mechanism, the existing mechanism of PRC shall be used or a new mechanism shall be established by the relevant technical department and the appointment of the co-chairman shall be submitted to the Minister for guidance.

Article 14 Project Monitoring and Management

The Department of Planning and Cooperation is responsible for project monitoring and implementation as below:

1. To be the principal in establishing the database of all assistance projects in the sector, monitor and summarize the progress, mid-term performance assessment and post project completion, including summary and evaluation of the strength and weakness points of each form of ODA from time to time;
2. To be the principal in evaluating the results of project implementation in accordance with Article 10 of this Decision to be submitted to the Ministry of Planning and Investment;
3. To collaborate with the relevant department in terms of project effectiveness, project objective reaching, financial conditions, regulations and procedures, procurement, external audit and others as determined in the project documents, project domestic and foreign expert management, monitoring, use and protection of project assets.

Section 6: Financial Provisions

Article 15 Implementation

The designated departments and other relevant parties shall recognize and strictly implement this Decision.

For those projects which are authorized before the date of this Decision and have a management and implementation mechanism other than mechanism as determined in this Decision, the unit responsible for implementation of such projects shall consult with the Department of Planning and Cooperation to seek resolution methods to be submitted to the management Ministry to ensure central project implementation.

Article 16 Effectiveness

This Decision is effective from the signing date.

Minister of Industry and Commerce

[Signature & Seal]

Mrs. Khemmany Pholsena