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Master's Thesis of Public Administration

**The Effectiveness of Official
Development Assistance (ODA) in
Lao PDR.**

**A Case Study the Impact of Donors ODA on
Social-Economic Development in Lao PDR.**

**라오스 인민민주주의 공화국 ODA
효과성.**

**ODA 공여국이 라오스 사회경제발전에 미치는
영향 사례를 중심으로**

August 2020

**Graduate School of Public Administration
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**The Effectiveness of Official Development
Assistance (ODA) in Lao PDR.**
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Abstract

The Effectiveness of Official Development Assistance (ODA) in Lao PDR.

A Case Study the Impact of Donors ODA on Social-Economic Development in Lao PDR.

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Since the Lao government has changed policy development by implementing the New Economic Mechanism (NEM) since 1986. Lao PDR has accepted more Official Development Assistance (ODA) from the bilateral and multilateral donors and ODA has played an important role in socio-economic development in Laos. Thus, the different of ODA policy and implementation of donors are one of main issue influence to aid effectiveness and sustainable development in Laos. However, this research focus to examine characteristic of four major bilateral donors: Australia, Germany, Japan, and Korea, by their ODA policy and implementation, which cover discussion and explanation of various variable as economic and institutional issues to present their strategies and foreign aid policy, and also look on the trend of ODA from these four donors in Lao PDR in the future (next five year).

This research examines secondary data from many sources such as books, journals, and reports; and the primary data as a survey at ministries that have used to receive ODA from these four donors. The primary data was applied to the interview questions that distributed to ministries with consist of forty-two public officers (each ministry has three people) to executive agencies of ODA for fourteen ministries in Laos. As a result of the interview, twenty-two public officers or counted fifty-two percent were respondents, which indicated that the ODA policy and implementation of Australia, Germany, and Japan are more

crucial than Korea. For ODA policy, (1) by applying on *five principles* on aid effectiveness, there are three donors more crucial such as Australia was contribution 76 percent; Germany was contribution 82 percent; Japan was contribution 75 percent; and Korea was contribution 69 percent, which lower than among four donors; (2) by applying to the *global indicators* of progress on aid effectiveness, Australia more crucial was met 5 out of 10 indicators; Germany was met 9 out of 10 indicators; Japan was met 4 out of 10 indicators; and Korea was met 1 out of 10 indicators less than among four donors. For ODA implementation, (3) by applying to *aid allocation to MDGs (SDGs)*, Australia was provided 73 percent; Germany was provided 78 percent; Japan was provided 75 percent; and Korea was provided 66 percent less than among four donors; and also, (4) by applying to *the National Standard Operating Procedure (SOP)* which consist six steps. Korea was used on 70 percent which is also lower than among Australia was 73 percent; Germany was 77 percent, and Japan was on 74 percent. (5) For *the trend of ODA* from these four donors in next five-year, fifty percent of respondents believe the ODA amount will increase. Thus, the government of Lao has to pay more attention to cooperation and ODA management in order to enhance aid effectiveness and sustainable development in Lao PDR.

Keywords: Aid effectiveness; Characteristics of donors; Role of ODA; Impact of donors' policy; and Sustainable Development.

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Abbreviations

ADB:	Asian Development Bank
AusAID:	Australia's Aid Program
CAP:	Country Action Plan
CPIA:	Country and Policy and Institutional Assessment
CRS:	Creditor Reporting System
DAC:	Development Assistance Committee
DIC:	Department of International Cooperation
DPs:	Development Partners
FAIR:	Foreign Aid International Report
FDI:	Foreign Direct Investment
GDP:	Gross Domestic Product
GNI:	Gross National Income
GMS:	Great Mekong Sub-region
IFIs:	International Financial Institutions
IMF:	International Monetary Fund
Lao PDR:	Lao People's Democratic Republic
LDC:	Least Development Country
MDGs:	Millennium Development Goals
MOFA:	Ministry of Foreign Affairs
MPI:	Ministry of Planning and Investment
NEM:	New Economic Mechanism
NGO:	Non-Government Organization
NSEDP:	National Socio-Economic Development Plan
ODA:	Official Development Assistance
OECD:	Organization for Economic Co-operation and Development
OECF:	Overseas Economic Cooperation Fund
PD:	Paris Declaration
PFM:	Public Financial Management
SDGs:	Sustainable Development Goals
UNDP:	United Nation Development Program
USAID:	United State Agency for International Development
USSR:	Union of Soviet Socialist Republic
VDCAP:	Vientiane Declaration Country Action Plan

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Chapter 1: Introduction

1.1 Background of the Study.

ODA in Lao PDR started by USAID intervention before 1975. After the revolution in 1975, ODA was followed by assistance from Russia and the eastern bloc. Later, in 1986 when the situation in the world changed, the government of Lao changed the development policy by establishing the New Economic Mechanism (NEM). Therefore, the country began accepting ODA from other countries as bilateral and multilateral aid (McCarty, A & Julian, A, 2009). Since the implementation of a market-oriented economy in 1986, ODA has been increased every year. The donor's intent, especially countries such as Japan, France, and Sweden have helped Laos in its efforts for sustainable development, particularly through rural development and infrastructure such as bridges, roads, airport, and electricity. The Asian Development Bank (ADB) also encouraged and promoted regional cooperation by the first move like as Great Mekong Sub-region (GMS) and East-West corridor concepts. The United Nations Development Programs (UNDP) and ADB supplied technical assistance to the government of Lao with systematizing the appropriate legal system to attract foreign investment, as Laos has many natural resources such as hydropower, mineral and forestry resources. Thus, Lao PDR recognizes to lack of skilled manpower administrative personnel shorted of training and experience which necessary to achieve efficiency in managing ODA grants and soft loans (Phraxayavong, 2009).

In currently, the Lao government is focusing on ensuring the success of the implementation of the Eighth National Socio-Economic Development Plan (8th NSEDP 2016-2020), to ensure that Laos will achieve Sustainable Development Goals (SDGs). This plan also plays an important milestone for accelerating Laos to graduate from Least Developed Country (LDC) status by 2020. In order to achieve the mentioned ultimate goals and objectives, as indicated in the 7th NSEDP (2011-2015). The government of Laos was made the effort to sustain a high rate of economic growth in the range of about 7.5-8 percent per year, as well as reduce poverty rate lower than 7 percent of the total

household by 2020 (MPI, 2011). In this regard, ODA is one of the key factors of success of the 7th and 8th NSEDP and supports the social economic development in Laos. The government of Lao has made diplomacy contact with countries and international organizations around the world through special cooperation with more than 30 countries and many development organizations in both bilateral and multilateral forms (MPI, 2010). As an overview of 7th NSEDP, Laos demanded to mobilize ODA about US\$3.369 million, and up to recently, ODA has been implemented to more than US\$3.076 million or about 91.05 percent of the plan (MPI, 2016).

1.2 Problem Statement.

Developing countries face low-income levels, growing unemployment, widening current account deficits, high inflation, and high poverty levels. These nations lack sufficient financial resources to solve these economic problems effectively and therefore; they depend on ODA to supplement their domestic resources. The primary objective of ODA is the promotion of economic and social welfare.

Laos has experienced achievable structural adjustment, macro-economic stabilization achievement and an increasing in export volume. However, the aspect of sustainable development is frightening if lacking in serious ability in human resources, administration, financial management, and infrastructure. According to this development problem, the ODA issue is qualitative but not quantitative. Donors' consideration and responsive to restricted absorptive ability in Laos, it was a deficiency of their ODA project and procedure. Additionally, only a few donors paid attention to capacity building in a consistent manner. Donors should increase their responsibility by considering the limited capacity of the recipient country in their ODA program, and they should also treat the capacity building in a coherent way and with a fundamental goal (Hatashima, H, 1994).

According to the summary progress on the Paris Declaration (PD), which is improvement by both the government of Lao and donors. Laos has met only some targets in 2010 (OECD, 2012). But over the past years, several of ODA projects have been completed with positive outcomes. Nevertheless, some

programs/projects could not reach their objectives and were unsustainable, which is also known as the “Sun-Set Project.” The re-execution of ODA programs/ projects is one of the main causes of slowing down the development of the country, where more financial and technical support will have to be requested from donors. However, in order to enhance aid effectiveness and sustainable development, it needs to improve ODA management by look through policy and implementation of donors which is the main issue that the government of Lao should pay more attention to cooperation and mobilization.

1.3 Objective of the Study.

ODA is a crucial contribution to the economic growth in Lao PDR. The government of Lao has made greats efforts to mobilize and enhance aid effectiveness to assist GDP growth and to reach the SDGs. In this regard, the donors who have good policy and great support on ODA would be influenced by development issues in Laos. Therefore, this study aims to analyze ODA policy and implementation for four major donors: Australia, Germany, Japan, and Korea and their characteristics, which cover discussion and explanation of various variables on socio-economic growth and institutional issues to present their strategies and foreign aid policy, also identify a more crucial ODA policy and implementation which enhance aid effectiveness and promote the SDGs in Lao PDR.

1.4 Research Question.

1. What does a major donor country have a more crucial policy and implementation of ODA to enhance aid effectiveness and promote sustainable development in Lao PDR?
2. What is a characteristic for Australian, German, Japanese, and Korean ODA?

1.5 Significance of the Study.

This study can be valuable for policy-makers of ODA, donor and recipient countries to improve ODA implementation. The study will be providing useful information for policy-makers to formulating an appropriate ODA policy. However, the findings will be useful to enhance transparency in

ODA management, aid effectiveness efficiency, and also to contribute to the future of academic research related to foreign aid policy. Additionally, this study will discuss the keys factors that can accelerate socio-economic development and assist Laos to graduate from Least Development Countries (LDC) status and achieve the Sustainable Development Goals (SDGs) by 2030.

1.6 Scope and Limitation of Study.

The study focuses on executive agencies of the Lao government responsible for ODA bilateral donors, namely Australia, Germany, Japan, and Korea. These agencies are mainly ministries that used to or have received and implement ODA from these four major bilateral donors in Laos. Therefore, there may be some difficulty in terms of their time-limitation and cooperation of respondents. In some cases, there is more than one department in charge of ODA from these donors in one ministry. Additionally, there are few studies conducted about ODA in Lao PDR that can support this study.

Chapter 2: Literature Review

2.1 Theoretical Background.

2.1.1 Definition of Official Development Assistant (ODA).

ODA is a form of grants and concessional loans from the donor's government of the multilateral agency to a recipient country. The Organization Economic for Co-operation Development (OECD, 2009, p.48) defined ODA as "assistance to countries and territories on the Development Assistance Committee (DAC) list of ODA recipients and to multilateral development institutions which are: 1) Provide by official agencies, including state and local government, or by their executive agencies. 2) Each dealing of which: is administered with the objective of promoting economic development and welfare in developing countries, and which: is concessional and has a grant element of at least 25 percent (concluded at a discount rate of 10 percent)." As the Bilateral assistance is deal of a donor government to a recipient country. They also consist of deal between international or national non-governmental organizations active in the development, and other interior development associated transactions like the interest subsidies, consuming of the development's promotion consciousness, administrative costs and debt reorganization. Multilateral assistance is contribution funds by multilateral agencies, as well as particularly the United Nations (UN) system. The contribution can be membership enrollment or alternative contribution (OECD, 2009). As Führer (1994, p.25) argument that ODA includes flows to multilateral institutions and developing countries, which supporting official agencies including state and local governments or executive agencies (Führer, 1994). Trumbull & Wall (1994, p.876) explained that ODA is aid from entire sources which consist of grants and concessional loans in a term of bilateral and multilateral sources to promote a humanitarian, poverty reduction, and economic growth. For multilateral sources, grants and concessional loans and also technical assistance like the UN system, the World Bank (WB), the International Monetary Fund (IMF) and members of the OECD as bilateral sources (Trumbull, W.N & Wall, H.J, 1994).

Regarding Riddell (2007, p.18-19) explained that the most significant work undertaken to originate a set of function definitions for what establishes foreign aid, what include and what does not count as aid? These have been led by the DAC-OECD. The DAC's work on defining aid and never set out to define aid in general nor even all of the development aid. After that, it sought only to define part of the entire aid provided by a donor to a recipient country. Therefore, it named ODA, since then a term has stuck with us. Nevertheless, it spent time almost a decade after setting up by the DAC for donors to approve on the definition of what they were doing to provide aid. For the main definition of ODA, it was agreed by the DAC in 1969 and after that, it was refined in 1972 (Riddell, R.C, 2007).

ODA is one type of foreign aid, regarding the scholars, argued as Riddell (2014, p.1), explained about the “foreign aid is provided by three main types of donors: OECD country government; non-governmental organizations; and private organizations foundations” (Riddell, R.C, 2014). Lumsdaine (1993, p.33) indicates some facts of aid or foreign aid or ODA signify as gifts and concessional loans of economic resources such as employment, technology, and finance for economic purpose through developing countries by governments of developed countries (Lumsdaine, 1993). Roberts (2007, p.399) explained about the definitions of foreign aid as commodities, financial flows and technical assistance that are: 1.) Plan to promote development economic and welfare as the main objective, and 2.) Provide either subsidized grants or loans (Roberts, T. el at, 2007). As Lancaster (2007, pp.9-10) points out that ODA is a tricky concept. It sometimes looks like a policy, but it is not. It is a utensil of policy. It sometimes considers as expenditures of military and trade or it is used to surround by countries' public transfer. In fact, the customary definition of aid is voluntary of public transfer from a country to another country, to NGO or an international organization (i.e. IMF, WB, etc.) with a minimum of 25 percent grant element (Lancaster, C, 2007). Hence, this definition is quite similar to DAC-OECD's definitions that define ODA as two substantial distinctions. Firstly, ODA only connects to the transfer of low-income countries. Secondly, concern to the phrase “to better the human condition”. But it consists of different activities within development concept

especially humanitarian relief, assisting the progress of social and economic, democratic promotion, addressing global issues, and managing post-conflict transformation.

What is the correct meaning of foreign aid? the foreign aid consists of technical and financial support. The financial aid can be grant and concessional loan which transferred from donors to recipient countries. This definition still leaves many important questions that cannot be answered yet. This is not mentioned of who are particular donors and recipients, why it is an act of voluntary that base on some conditions and compulsion. The donor does not mean to be rich, neither recipient is poor. Providing aid could assist the donor and recipient also, and the term of impact could be positive or negative. This general view of foreign aid could address humanitarian, development, and poverty reduction in developing countries. Nevertheless, political and diplomatic interests could be also component resources to assist the achievement of military purposes. The concerning of world poverty is form of developed to developing countries and poor people that can identify development and poverty reduction. Foreign aid could be mean “development aid and development assistance”. Theoretically, there are many possible options. Unlikeliness, the approaches of standard to define development aid have to point out to the objective of aid given which part of foreign aid contributes to welfare and development in developing countries. Thus, this is based on the purpose of giving aid. The definition of development aid has been driven by donors, mostly based on an agreement of the leading donors’ countries more over 30 years ago, the donors who can make a decision how much to give and be given and also how development aid should identify (Riddell, R.C, 2007).

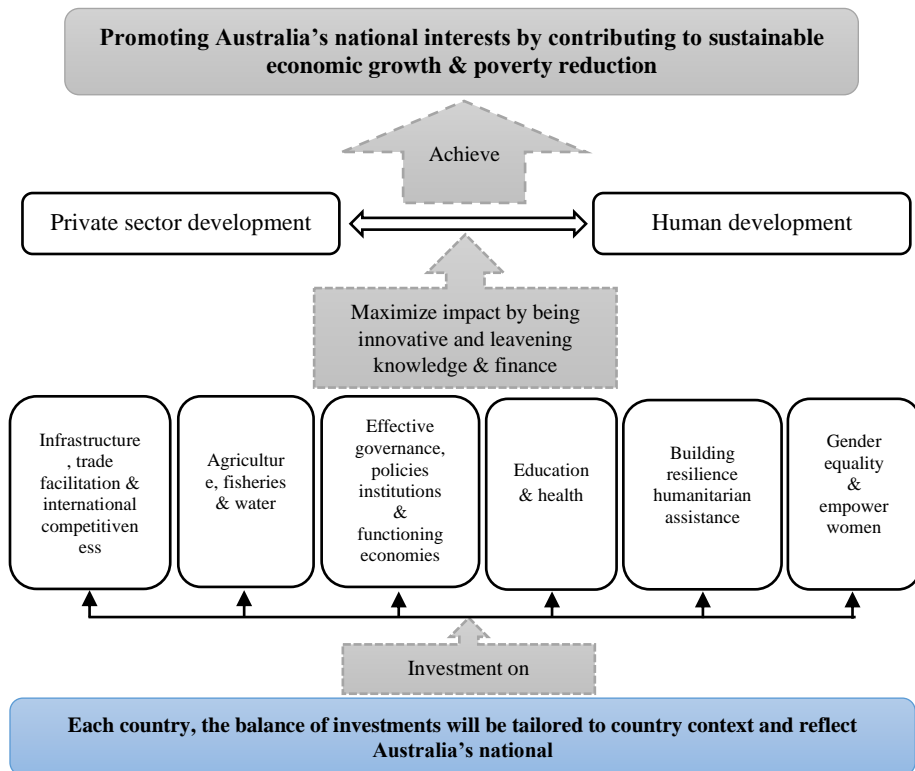
2.1.2 ODA Policy Instrument of Four Major Bilateral Donors: Australia; Germany; Japan and Korea.

Regarding the ODA policy instrument of four major donors, which is the different policy development cooperation framework (in term four/five years for each country) with partner countries for implementation, as follows:

Australia ODA policy: is to promote Australia’s national interests by contributing to sustainable economic growth and poverty reduction. AusAID

(2014) pointed out that strengthening the effectiveness and the accountability of Australia’s ODA will conduct a link between aid funding decisions and performance, ensuring focusing on “value for money” and results. At the level of the country program, the benchmark of performance will present a shaper basis for the estimation of program performance. More focusing on the results will require monitoring improvement of aid investment. Weekly performing aid investment is required closer attention to new management. A performance framework will conduct to all levels of the aid program and reshape the aid program and reshape the aid program on the right track reaches the goals (Figure 2.1).

Figure 2.1: The Strategic for Australian ODA Program.



Source: AusAID (2014) Australian aid: promoting prosperity, reducing poverty & enhancing stability

Germany ODA Policy: indicated that has set an overarching, value-motivated policy for development cooperation, which searches for advance sustainable development as a local and global issue. In 2013, the Coalition Treaty Shaping Germany’s future has been conducting the development

cooperation policy of Germany. The charter for the future constructs on the treaty to present an inclusive vision for the development policy of Germany. The Charter for the future constructs on the treaty to present an inclusive vision for development policy of Germany (Table 2.1). According to eight priority areas such as 1.) Ensure a life of dignity for all everywhere; 2.) Protect natural resources and manage them sustainably; 3.) Combine economic growth, sustainability, and decent work; 4.) promote and ensure human rights and good governance; 5.) Build peace and strengthen human security; 6.) Respect and protect cultural and religious diversity; 7.) Drive transformational change through innovation, technology, and digitalization; and 8.) Forge a new global partnership and develop multi-stakeholder partnerships for sustainable development (OECD, 2015).

Table 2.1: The Strategic for Germany’s Development Cooperation.

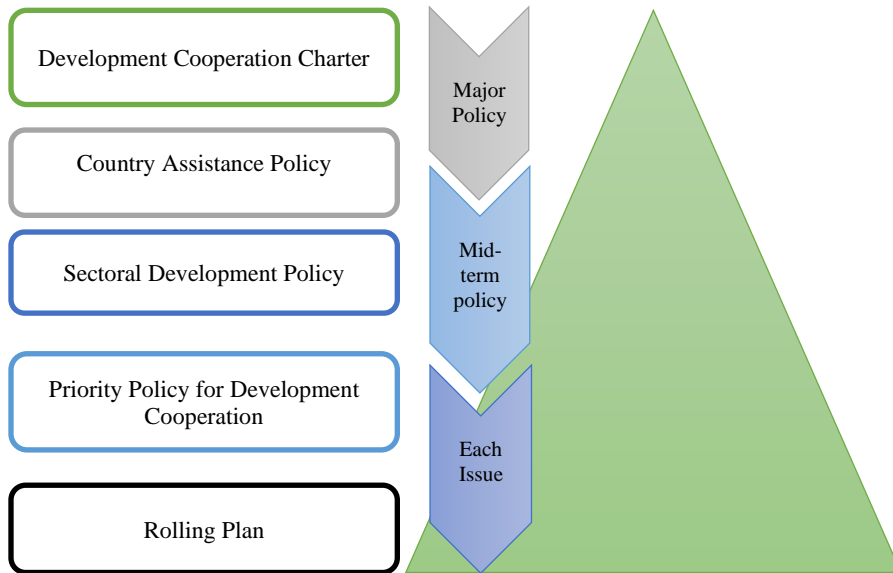
Objective of the Coalition Treaty	The Charter for Future on Priorities Areas
<ol style="list-style-type: none"> 1. Defeat hunger and poverty. 2. Strengthen democracy and the rule of law. 3. Advocate for peace, freedom, and security. 4. Advocate respect for and observance of human rights. 5. Protect the environment 6. Encourage a socially and ecologically. Oriented market economy. 7. Promote good governance, and strengthen participation by civil society. 	<ol style="list-style-type: none"> 1.Ensure a life of dignity for all everywhere. 2.Promote natural resources and manage them sustainably. 3.Combine economic growth, sustainability and decent work. 4.Promote and ensure human rights and good governance. 5.Build peace and strengthen human security. 6.Respect and protect cultural and religious diversity. 7.Drive transformational change through innovation, technology and digitalization. 8.Forge a new global partnership and develop multi-stakeholder partnerships for sustainable development.
<p>Three special initiatives</p> <ol style="list-style-type: none"> 1. One world – no hunger; 2. Fighting the root causes of displacement, reintegrating refugees; 3. Stability and development in the Middle East and North Africa region. 	

Source: OECD (2015, p35) OECD Development Cooperation Peer Reviews of Germany.

Japan ODA Policy: As MOFA (2016) indicated that Japan established the principles and policies, etc., under the Development Cooperation Charter in order to define functions of the philosophy which include proposing and basic policies of Japan’s Development Cooperation, and priority issues which were “quality growth”; “sharing universal value and realizing a peaceful and secure society”; and “Building a sustainable and resilient international community

through efforts to address global challenges”. The following policies which are promoted under the development cooperation charter consist of country assistance policy, sectoral development policy, priority policies of development cooperation and rolling plan (Figure 2.2.)

Figure 2.2: The Strategic for Japan’s Development Cooperation.

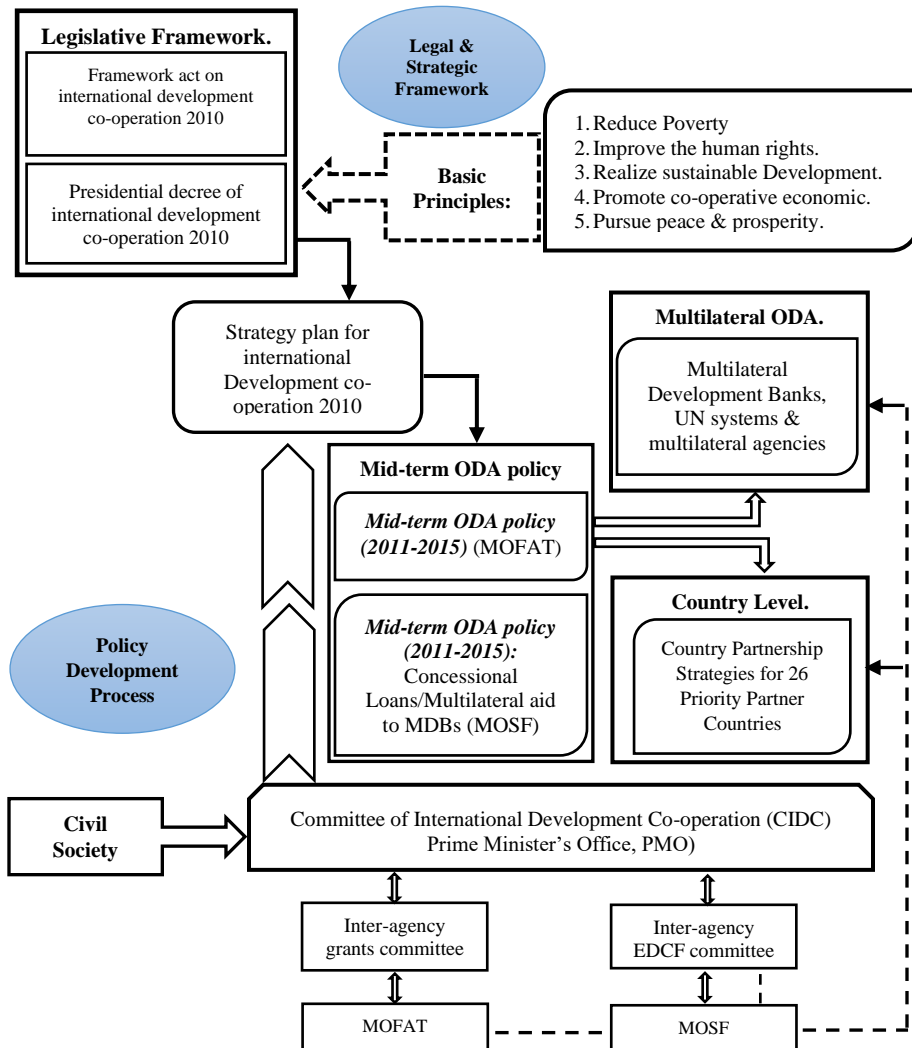


Source: MOFA (2014) Japan’s International Cooperation, Japan’s ODA White Paper 2015, Tokyo, Japan

Korea ODA Policy: Since Korea has been a member of DAC, Korea has created and improved framework of development cooperation. That provides the basis legal for a more combination of the ODA system (Figure 2.3). There are five basis principles with Korea’s new framework for development cooperation such as 1.) Reduce poverty in developing countries; 2.) Improve the human rights for women and children and achieve gender equality; 3.) Realize sustainable development and humanitarianism; 4.) Promote Co-operation economic relations with developing country partners, and 5.) Pursue peace and prosperity in the international community, by general purpose of reducing poverty and achievement of the international agreement for development goals, especially the MDGs (currently is SDGs). Korea’s ODA system was separated into two parts: grants and soft loans, each part was managed by different substances. Grant aid was mostly managed by the MOFAT and Ministry of Economic and Finance (MOEF) was in charge of

Korea's loan. This is the first time the new single plan and mid-term ODA policy for Korea's grants and loans are combined into one set strategy documents (ibid, p.24).

Figure 2.3: The Strategic for Korea's Development Cooperation.



Source: OECD (2012) DAC Peer Review Republic of Korea

2.1.3 Overview of ODA in Lao PDR.

The policy instrument of ODA implementation in Lao PDR, it is widely used at national and provincial levels of project implementations in Laos. ODA is managed by the country's sector working groups (SWGs) with a development agenda that includes 17 global Sustainable Development goals

(SDGs). The SDGs have been integrated into the 8th NSEDP (2016-2020) monitoring and evaluation framework, with 60 percent of NSEDP indicators linked to SDGs indicators. They will now be integrated into sector strategies and provincial development plans. Also, Laos's graduation from Least Developed Country (LDC) status by 2020 will be driven once the 8th NSEDP (2016-2020) is implemented successfully by 2030. Besides the 17 SDGs, the Laos has endorsed its 18 SDGs on talking Unexploded Ordnance (UXO) which has been widely harming the country's lives and development. The Lao PDR willing to take international guidelines on partnership as references. Guidelines of the Paris Declaration on Aid Effectiveness, ACCRA Agenda for Action, and Busan High-Level Forum on Aid Effectiveness and Global Partnership Principles are put into national plans. In particular, the endorsement of Vientiane Declaration on Partnership for Effective Development Cooperation by 28 donors was witnessed by 300 delegates from local and international partners in the 12th High-Level Round Table Meeting (HLRTM), in Vientiane Capital on 2015. ODA disbursement by donors to Laos from 2011-2015, among US\$2 billion, was International Financial Institution US\$577 million; bilateral donors from Asia Pacific regions US\$566 million; European Union US\$363 million; and others among US\$514 million. And ODA contributed by sectors received the most amount of ODA on economic infrastructure and social welfare (i.e. education, health, economic growth, etc.) among 28 percent; agriculture and rural development 16 percent; infrastructure 20 percent; natural resource and environment management 12 percent; and others 24 percent (DIC, MPI, 2015).

2.1.4 Purpose of ODA and Social-Economic Development.

ODA is given various objectives and intentions. It can be interpreted to main ODA for reconstruction, social and economic purposes; remaining of category captures as residual purpose. By the estimation of the growth impacts of detachable types of aid, there were no effects. Meanwhile, the reconstruction of ODA has positive effects. Despite this type apply only in particular condition and it has become more widespread in recent years (Bjornskov, C, 2014). The other scholars, as Lancaster (2007, p.13) claimed that ODA was used for

purposes of humanitarian relief, developmental, diplomatic and commercial. Cultural purposes have also existed but it is not prominent (Lancaster, C, 2007). And Morgenthau (1962, p.301) argued that ODA should split into 6 types “humanitarian aid, subsistence aid, military aid, bribery, prestige foreign aid, and foreign aid on economic development” (Morgenthau, H, 1962).

A) ODA for Political Purpose.

There are some researchers indicate that ODA is not just for commercial or trade purpose, not only humanitarian, but there is something hiding the outside figure. As Riddell (2007, p.94) pointed out that almost 30 percent of all bilateral aid in the world is given by the United States. The rationale which the United States providing aid is maybe more important than these external figures. The way of global leadership, as a remaining superpower, has attracted leading donors for decision making about allocation and role of aid (Riddell, R.C, 2007). Boone (1995) examined laissez-faire and elitism, economic or political regimes would use for ODA. The finding is aid does not significantly enlarge growth and investment, neither indicators of human development, but it enhances the government size (Boone, P, 1995). Alessina & Dollar (1998) analyze the design of aid allocation from different donors like Australia, Germany, Japan and etc. to recipient countries. The study found the trend of ODA is compelled by strategic and political deliberation more significant than a necessity of economic and performance of policy in recipient countries. Political federation and colonial formers are the main factors of ODA. However, democratic countries obtain more aid. Meanwhile, the ODA circulates and react more to variables of political; foreign direct investment (FDI) are more responsive to economic incentives especially “good policy” and security of poverty rights in recipient countries, and also uncover vary of significant in the various donors’ behavior (Alessina, A & Dollar, D, 1998).

B) ODA for Humanitarian Purpose.

Humanitarian ODA has been given by donors to countries to respond to natural disasters and providing assistance for people that have been affected by disasters like hurricanes, floods, earthquakes, volcanic eruptions and etc. Humanitarian ODA is a gesture from a country to another country to reduce poverty and relieve the hardship of people by supplying them with basic needs.

Humanitarian ODA for clothing and feeding refugees is supported by various relief agencies and governments (Phraxayavong, 2009). As Lancaster (2007, p.14) argued that ODA for humanitarian relief has been always less controversial within all-purpose of ODA. There are large numbers of victims from the natural environment or manmade, sometimes produce people homeless or refugees abroad. The government of developing countries usually lack the capacity and resource to accommodate the victims need. However, Addison (2000, p.393) explained that by humanitarian ODA, there is some significance reducing the number of victims, but it is still facing some problems which cause some research to doubt the basic relief of emergency value. This part provides a concise review of what is a multidimensional and complex issue (Addison, T, 2000).

C) ODA for Commercial Purpose.

Since ODA has been firstly provided, it has been connected to donors' commercial interests. Most of them have linked to tie aid with purchase goods and services from donors. In addition, ODA can be tied indirectly through different trade promotions like "subsidizing export-credit schemes and providing aid to lower the costs of firms in bidding for tenders, and through more informal pressures on recipients to encourage them to purchase goods and services from donor-based commercial companies". The major donor countries used the commercial interest to lobby and access to funds on aid as a concept "win-win" or mutual benefit. Thus, the working and exporting in a donor country would be enlarged the same as development in a recipient country (Riddell, 2007, p.98). As McGillivray (2003, p.6) argued the results for ODA allocation studies that link between ODA and trade promotion or commercial interests, even though there is various significance among donors over the time periods. Regarding recent reviews, despite there is some proof of donors more focus on development criteria, donors' trade or commercial interest remains an important feature that relates to ODA (McGrillivray, M, 2003).

2.2 Criteria Evaluation of ODA.

The OECD-DAC (1992) examined evaluation guidelines that have shaped the way most donor agencies and their clients/grantees commission or

design and conduct program evaluations. There are based on six general principles: 1.) All aid agencies should have an evaluation policy; 2.) Evaluation should be impartial and independent; 3.) Evaluation results should be widely disseminated; 4.) Evaluations should be used-feedback to decision-makers is essential; 5.) Donor and recipient agencies should be partners/cooperate with the evaluation-strengthen recipient agencies and reduce administrative burden; and 6.) Evaluation should be part of the aid planning from the start-clear objectives are essential for an objective evaluation (OECD, 1992).

OECD (2018) defined to DAC criteria for evaluating development assistance. The DAC network on development evaluation is currently exploring how the DAC evaluation criteria can be adapted to the new development landscape and the 2030 agenda. The criteria used in evaluations of development programs far beyond the membership of the DAC (Table 2.1). In the context of broader debate about the future of development evaluation, a discussion has begun on re-thinking the five DAC evaluation criteria: *relevant, effectiveness, efficiency, impact and sustainability*. (OECD, 2018).

Table 2.2: Criteria and Definition Evaluation of ODA.

Criteria	Definitions
Relevance	The extent to which the aid activity is suited to the priorities and policies of the target group between recipient and donor
Effectiveness	A measure of the extent to which an aid activity attains its objectives.
Efficiency	Efficiency measure the outputs: qualitative and quantitative in relation to the inputs. It is an economic term which signifies that the aid uses the least costly resources possible in order to achieve the desired results.
Impact	The positive and negative changes by a development intervention, directly or indirectly, intentionally or unintended. This involves the main impacts and effects resulting from the activity on the local social, economic, environmental and other and other development indicators.
Sustainability	Concerned with measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawing. The project needs to be environmentally as well as financially sustainable.

Source: OECD (2018) (www.oecd.org)

Regarding Chianca (2008, p.44-45) argued the importance and level of influence of the DAC criteria in the development world, it is appropriate to submit them to independent scrutiny. these initial were critical reviews and expanded by the professional evaluators with broad experience in international development program and diverse background (public health; community

socio-economic development; engineering; public administration; political sciences; and etc.). The overall conclusions were that five results: **1.) *Relevance*** focuses primarily on the goals and priorities of donors or country/local governments, instead of focusing on meeting the needs of the targeted population and creation should be refocused to address the needs of the intervention's impacts. **2.) *Effectiveness*** focuses on determining the extent to which the intervention met its goals and not the needs of aid recipients. The criterion should be refocused of possibly subsumed under the impact criterion since goals cover only the expected positive results from an intervention. **3.) *Efficiency*** even though tackling some of the right issues, falls short on the coverage of costs (non-monetary costs) and comparisons (creative alternatives). Furthermore, the term efficiency often gets defined as least costly approach, but it is a limited definition given the way evaluations are structured. Cost-effectiveness seems a better term to defined the creation. **4.) *Sustainability*** is limited to prospective (likelihood of) sustainability and does not make any reference to retrospective sustainability "how sustainability it has been". Furthermore, it only mentions the need to consider environmental and financial aspects of sustainability, leaving out other essential elements to the sustainability of interventions such as political support, cultural appropriateness, adequacy of technology, and institutional capacity. And **5.) *Two key criteria*** are missing "quality of process e.g. ethicality, environmental responsibility" and an exportability of whole or part of the aid intervention, meaning the extent to which it could produce important contributions to other aid interventions (e.g. via use of its innovative design, approach, or product, and cost-saving) (Chainca, T, 2008).

2.3 The Principles on ODA.

Regarding OECD (2005, pp.1-8) explained that OECD is a groups of "developed and developing countries responsible for promoting development and heads of bilateral and multilateral development institutions" issued the declaration name is "Paris Declaration on Aid Effectiveness" mainly focus on partnership commitments which consist of five crucial principles: Ownership, Alignment, Harmonization, Managing for results, and Mutual accountability to

assist effectiveness of aid in developing countries, in order to reach the Millennium Development Goals (MDGs) by 2015. Also, to meet the 2030 agenda of the UN submit for Sustainable Development Goals (SDGs)¹.

According to the principles of OECD on aid effectiveness, as the donors must commit: 1.) *Ownership*, donors should support a capacity of partner country and respect their leadership; 2.) *Alignment*, donors align with recipient country's strategies. Base all supporting of country strategies, policy dialogues and program of development cooperation on recipient's development strategies and seasonal reviews of implementing strategies progress. Donors use strengthen country systems and procedures to maximize the possible extension. Strengthen public financial management capacity which provides commitments and disbursement of aid as schedule agreement, and also rely on transparent accounting mechanism and government budget of recipient country systems of procurement and increase more value for fund which unties aid. 3.) *Harmonization*, donors' action is more harmonized and collectively effective which implement common arrangements and simplify procedures; 4.) *Managing for results*, managing resources and improving decision-making which connects country programming and resources to results with recipient country assessment frameworks; and 5.) *Mutual Accountability*, donors are accountable for development results that provide comprehensive information, transparent and timely ODA flows to recipient countries (OECD, 2005).

2.4 Aid Effectiveness.

The effectiveness of aid is about the "value of money". This means managing aid to maximize the impact of development (OECD, 2010). OECD (2005) pointed out the way of reaching the goals of aid effectiveness and enlarge significantly to assist partner country to improve and strengthen governance development performance by following the Paris Declaration on aid effectiveness of five principles: *Ownership; Alignment; Harmonization; Result and Mutual; and Accountability*. At the global summits in Rome (2003),

¹ The 2030 Agenda is the world leaders adopted for sustainable Development at the United Nations Sustainable Development Summit on September 2015, which consist of 17 SDGs, 169 targets and 232 indicators.

Paris (2005), and ACCRA (2008) “harmonization and ownership were highlighted as key steps for the enhancement for aid effectiveness”. In the measure of how the principles can align to aid policy of the DAC members, the survey on monitoring the Paris Declaration, which participation of 55 partner countries assists us to comprehend “the challenges in making aid more effective at advancing development. The finding is clear progress is being made, but not fast enough. Unless they seriously gear up their efforts, partner countries and their external partners will not meet their international commitments and targets for aid effectiveness by 2010 (OECD, 2008). Additionally, OECD (2012), has the survey on aid effectiveness, the progress in implementing the Paris Declaration brings on the results of the 2011 survey on monitoring the Paris Declaration, which similar to survey in 2006 and 2008, and there are 78 countries participate in the final round of surveys. The results were not positive at the global level, there was only one out of the 13 targets that invented for 2010 has been met. However, it is remarkable for consideration of progress has been made toward other remaining 12 targets.

Regarding Miroslava Furjelová (2010, p.4) argued the impact of development aid on growth by Chenery and Strout (1966), they were introduced a “two-gap” model. The first gap represents the difference between the amount of investment necessary to attain a certain rate of growth and available domestic saving in developing countries. The second gap was formed by differing import requirements for a given level of production and foreign exchange earnings. Foreign aid could fill in these gaps and using the Harrod-Domar model bolster self-sufficient growth (Miroslava, 2010). However, consecutively it caused anxiety also among the policy-makers who did not want their finances to be wasted. Finally, after the steady rise of development aid over three decades, it dropped in 1990s. this situation is called “aid fatigue” (Lensink, R & Howard, W, 2000).

2.4.1 Positive an Aid Effectiveness.

Regarding Burnside and Dollar (1997) argument revolutionary findings in their researched the Aid, Policies, and Growth, according to which the impact of aid depends on the quality of state institutions and policies. They claimed

that aid has a positive impact on growth in developing countries with policies related to fiscal surplus, inflation, and trade openness. On the other hand, corrupt institutions and weak policies limit the impact of financial assistance (Burnside, C & Dollar, D, 1997). As Hansen and Trap (2001) claimed that aid worked on average, but with diminishing returns. Guillaumont and Chauvet (2001) explained that aid worked best in countries with difficult economic environments, characterized by volatile and declaiming terms of trade, low population, and natural disaster. Collier and Hoeffler (2004) argued the aid worked particularly well in countries that were recovering from civil war and that had good policies. Chauvet and Guillaumont (2003) they are found out that aid is more efficient when the present policy is good or when the past policy was poor, as well as economic vulnerability to external shocks is a factor enhancing aid effectiveness. As Clemens, Radelte and Bhavnani (2004) argued aid has positive effects when measured properly but there are only short-term, and Sachs (2005) examined in the UN millennium project assumed that aid has positive effects only when it is directed to real investment on the ground.

2.4.2 Negative an Aid Effectiveness.

The aid may have even negative effects on developing countries. As Rajan and Subramanian (2005), explained alert in the long run aid can be detrimental for the economy. Firstly, development assistance is intended to be additional to the budget, but eventually, the country becomes laxer on raising tax revenues. More aid is necessary just like to keep the country on an even keel and leads to dependency on foreign aid. Secondly, financial flows from abroad lower accountability of government towards citizens and favors corruption. Finally, it may cause “Dutch Disease” effect. However, that via overvalued exchange rate aid inflows have systematic adverse effects on growth, wages, and employment in labor-intensive and export sectors. Thus, it is important to measure absorptive capacity of a country and find out how much aid can be handled to being with, how the aid should be delivered, and when (Rajan, R.G & Subramanian, A, 2005). In 2005, the IMF agrees that there is a need for coordination of fiscal policy with exchange rate monetary policy. In addition, the other scholars in 2006 highlight potential negative effects of larges and

sustained volume of aid on the development good public institutions in low-income countries and undercutting incentives for revenue collection (Moss, Todd, Gunilla, P & Nicolas, W, 2006).

The summary of this part, the development aid might have a positive impact on growth as it is a source of investment, that foreign assistance has positive effects on economic growth only in countries with “good policies and institutions”. Consecutively, following this projection, higher selectivity has been applied by multilateral agencies and donor countries providing development assistance. Therefore, foreign aid has better positive effects in countries that are highly vulnerable to external shocks, in difficult economic environment. On the other hand, the negative impacts of aid. It might weaken state institutions or favor corruption in recipient countries. Ultimately, it might lead to overvaluation of real exchange rate and decrease competitiveness of exportable sectors. This is might negatively influence not only the growth but the whole country’s economy. Thus, the quality of aid cannot be neglected. Donor countries have often followed their economic, politics, and strategic aims and were not really interested in the development of the recipient country.

2.5 The Impact of ODA.

There are many of evidence to prove that ODA contributes positively and visibly to recipient countries for instance: transmitting skills, improving and extending the services’ quality; originating and improving infrastructure, promotion of production, well-being and more incomes, enhancing core delivery services, providing schoolbooks and medicines, and etc. Some benefits have been not tangible like aid contributes to improving the quantity and quality for agriculture, improving the efficiency of key institutions and enhancing the capacity of ministries to deliver education and health sector services (Riddell, 2007, p.253). The other scholars, Phraxayavong (2009, p.36) argued that ODA is crucial for development processes, essential to poverty reduction. Todaro & Smith (2003, p.657) claimed that ODA assists to transform economics structure and contribute to achieving graduation of LDC status and also it helps to sustain economic growth. Therefore, the economic reason for the aid of developing countries is the main concept of their receiving from donors’ awareness of what

poor countries need for their economic development (Todaro, M & Smith, S, 2003). Nevertheless, Burnside & Dollar (1997, p.6) also indicated that ODA can be a forceful tool to promote poverty reduction and growth. Thus, an effectively, ODA should give to countries that can help themselves by setting growth-improving policies (Burnside, C & Dollar, D, 1997).

2.5.1 Positive Impact of ODA.

There are some scholars assert that good policies on ODA management in practice would improve and enhance aid effectiveness. There are some arguments in which some parts are relevant and some seem to be overstated. As Stiglitz (2002), Stern (2002) and Sachs et al (2004) and others argued even though sometimes ODA has failed, but it has assisted to reduce poverty and support growth in some developing countries. Some of the weakness part of ODA it comes from donor side latter than recipients. As we had seen some successful countries such as Indonesia, South Korea, and recently is Mozambique and Tanzania have received more significant ODA (Stiglitz, 2002); (Stern, 2002); (Sachs, J.D et al, 2004). According to Burnside & Dollar (2000) used a new database of aid and Neo-Classical theory as the analytical framework. They found the positive relationship between foreign aid and growth in the presence of good fiscal, monetary and trade policies and little impact in the presence of poor policies. Additionally, they argued that aid does affect growth positively. Therefore, a positive relationship is conditional on a good macroeconomic policy environment. They suggested that donors should consider the policy environment of the recipient country for ODA (Burnside, C & Dollar, D, 2000). Ruhashyankiko (2005) also explained the influence of aid growth without government intervention in the private sector. This study found that foreign aid has a positive impact on growth without diminishing returns (Ruhashyankiko, 2005).

Furthermore, Tavares (2003) evaluates the impact of ODA on corruption by using geographical distance and cultural of donor countries as useful variables to estimate causality. The results, ODA reduces corruption according to economically and statistically significant and strong to dissimilar controls (Tavares, J, 2003). Okada & Samerth (2012) explained the impact of ODA on

corruption, especially decreasing impact is more significant in countries that have corruption at a low level. In addition, the studies point out that multilateral aid has a more decreasing effect on corruption than bilateral aid (Okada, K & Samreth, S, 2012).

2.5.2 Negative Impact of ODA.

Some of the critiques from Bauer (1972), Friedman (1958), and Easterly (2001) asserted that ODA has enhanced bureaucracies of government, immortalize poor governments, elevate the ruling class in developing countries or it has been wasted. They refer to poverty in South Asia and Africa that still has widespread, even though aid has started since the 1960s such as Haiti, Congo, Somalia, and Papua New Guinea (Bauer, 1972); (Friedman, 1958); (Easterly, 2001). As Papanek (1973) and Mosley (1980), indicated that there are negative impacts of foreign aid on domestic saving, this study had been proved by Taslim & Weliwita (2000), which investigated on Bangladesh's case that found aid had a huge negative impact on saving while the study period. Therefore, there was no significance on promotion of investment. For this reason, aid not play an important role in the development economics in this country (Taslim, M.A & Weliwita, A, 2000). Hansen & Trap (2000) found that there is two-third of studies on the first-generation assessment which points out a negative impact of ODA on saving. Analysis of various researchers found that there is a half of the research which argues ODA support investment and improves the growth process (Hansen, H & Trap, F, 2000).

Hence, there is a various negative impact of ODA in different times. Dollar & Levin (2006) analyze the scope of ODA for selection "in terms of democracy and rule of law or property rights" between bilateral and multilateral. Both types of aid had a negative relationship with the rule of law during 1948-1989 (Dollar, D & Levin, V, 2006). Knack (2004) examined the influence of aid on the democratization of recipient countries during 1975-2000 period by using various measures of aid vigor and two various indexes. The study found out aid does not promote democracy (Knack, S, 2004). On the other hand, Djankov et al (2008) also found a negative impact on democracy by using data

from 108 recipient countries over the period in 1960-1999 (Djankov, S et al, 2008).

2.6 The Impact of ODA in Lao PDR.

According to the National Social-Economic Development Plan (2006-2015) with its four key milestones of the nine of Lao PDR Party Congress, the government set up main factors that were at the core of a proactive, stable and sustainable development. In the context, social development and environmental protection are key elements within the economic strategies. The government of Lao to strengthen the structure for the implementation of changes in the economy and the labor-markets, for the expansion of international development cooperation with development partners, and for enhancing the capacity's competences at the international and regional level (Souvannaeth, V, 2014).

Lao PDR is a resource-rich country, with many natural resources, hydropower, and minerals. After a reform economic upward trend with an average 8 percent growth which was experienced over the past decade. Laos's economy is still expanding and has greatly benefited from high-profile capital flows to the country in terms of FDI, Public and Private investments among others. In addition, from 2006-2015, the total of ODA increased US\$535.2 million in 2012 and US\$657.2 in 2014. (DIC, MPI, 2016). Essentially, the issues affecting the social-economic development especially in Laos, which was stilling one of the least developing countries, are characterized by being a small economy with a high poverty rate and had small budget to support and build up the areas of economic and social development. Thus, ODA has played crucial role in fostering the government's goal high economic growth rated of the country. In fact, many least developed countries have not achieved sustainable economic growth despite the fact that they attracted more of both internal and external sources for supporting on social-economic development process. In this context, the question still remains whether financial assistance, especially external sources in terms of ODA, FDI and etc. Laos has received invaluable support in terms of ODA from the international community, which had contribution to the early stage of the country's social-economic development. Its invaluable assistance has marked development areas in need

of aid, particularly the social sectors (i.e. communication and transportation, education sector, health sector, and etc.). The most of ODA inflow to Laos has been provided by state parties and non-state parties as well as international organizations in parties civil society organizations, NGOs, and etc. Hence, based on that ODA inflow to Laos has developed itself and became an important component for considering measures in order to respond to the development in Lao PDR.

2.7 Previous Study of the Four Major Donors ODA in Lao PDR.

Since 2007 and 2010 the comparison of the four major bilateral donors in Lao PDR such as Australia and Germany have made a progress with 8 out of 10 indicators; Japan has made 6 out of 10 indicators, and Korea has made 4 out of 10 indicators. Therefore, all of them have been met few targets in 2010 as Australia could reach 3 targets which are indicators of untying aid, joint missions and joint country analytic work. Germany, Japan, and Korea could reach 2 targets, which Germany and Japan have been met coordinating support to strengthen capacity and untying of aid; and Korea has been met using country Public Financial Management (PFM) systems and strengthen capacity by coordinating support. Even though there are some indicators did not meet the targets on 2010, but a mutual accountability framework was in place, and together government of Lao with donors are continuing to work and enhance the mechanism of consultation to contribute more participation in civil society and also the private sector (OECD, 2012).

There were some observations' ODA implementation of peer review recommendations. Every four of five years, the OECD-DAC conducts seasonal reviews of the individual development cooperation efforts that examined both policy and implementation of DAC members. The purpose of DAC peer review is to enhance the effectiveness and quality of development cooperation systems and policies and to promote best development partners for better results on poverty reduction and sustainable development in developing countries. The principally, there are seven key issues of these peer reviews which consist of development beyond ODA: 1.) strategic orientations, 2.) volume of aid, 3.)

channels and allocations, 4.) organization and management, 5.) delivery and partnerships, 6.) results management and accountability, and 7.) humanitarian assistance. Thus, these four bilateral donors had some differences recommendation and differences yeas assessment (Table 2.3).

In this regard, Australia’s implementation of the 2008 peer review, the OECD (2013, p.9) disputed Australia’s implemented 16 recommendations or account for 80 percent and partially implemented 4 recommendations or account for 20 percent (OECD, 2013). OECD (2015, p.9) disputed Germany’s implemented 7 recommendations or account for 39 percent and partially implemented 11 recommendations or account for 61 percent (OECD, 2015). As OECD (2014, p.9) disputed Japan’s implementation of 2010 peer review, Japan implemented 6 recommendations or account for 31 percent, partially implemented 6 recommendations or account for 32 percent and not implemented 7 recommendations or account for 37 percent (OECD, 2014). Korea’s implementations of 2012 peer review, Korea implemented 8 recommendations or account for 33 percent, partially implemented 13 recommendations or account for 54 percent and not implemented 3 recommendations or account for 13 percent (OECD, 2018).

Table 2.3: The Progress on Implementation of the OECD-DAC Peer Review.

Progress on Implementation	Australia 2008	Germany 2010	Japan 2010	Korea 2012
Implemented	16	7	6	8
Partially Implemented	4	11	6	13
Not Implemented			7	3

Source: OECD (2013, 2014, 2015 & 2018), OECD Development Cooperation Peer Review

Regarding Jackson (1984, p.3) the report of the committee to review the Australian overseas ODA program, indicant that “Australia ODA was given primarily for humanitarian reasons to alleviate poverty through economic and social development. ODA also complements strategic, economic and foreign policy interest and by helping developing countries to grow” (Jackson, R, 1984). As Berthélemy & Tichit (2002) comparison ODA allocation policy from 1980-

1999 which covered 22 donors and 137 recipient countries. They found that Germany was one of four donor countries which include France, United Kingdom, and United States were relatively altruistic (Berthélemy, J.C & Tichit, A, 2002). Subsequently, Berthélemy (2006) examined bilateral donors' interest versus recipients' development motives in ODA allocation, which remarked that do all donors behave the same? By using a panel data set of a three-dimensional, joining the donors, recipient and time dimension. He defined into three clusters of donors: 1) altruistic; 2) moderately egoistic; and 3) egoistic. Hence, Germany is still in the cluster 2) moderately egoistic (Berthélemy, J.C, 2006). As Kawai & Takagi (2004) analyzed current issues and future directions of Japanese ODA, they argued that Japan can reach the domestic and international challenges by developing a coherent national strategy for ODA, broadly designed to enhance effectiveness, accountability and transparency (Kawai, M & Takagi, S, 2004). However, Ueda (1995, p.251) argued indicated that Japan's ODA is not for commercial invasion. Then take a look at Japanese yen loans over 95 percent were united and grant more than 74 percent united. The recipient countries have to tender international bids so that the companies of any country can make a bid. There is only 33-34 percent of loan projects that have contracted with Japan's companies and contractors were free to purchase goods and services from any country (Ueda, H, 1995).

Chun et al (2010) examined Korean ODA performance from the previous to present by identifies characteristic which consists of low ODA/GNI ratio; the amount of soft loans higher than grants; a small portion of united aid; a relatively large number of recipients and regional bias; as a donor country for more than two decades, ODA framework of Korea was still under construction "characterized as lingering between pursuit of national interests and observance of global standards represented by DAC's guidelines" (Chun, H.M, 2010). As Sungil (2016), concluded that Korea's ODA flows to south Asia with three mains acts: 1) Korean ODA focuses on production capacity including industrial development and building economic infrastructure; 2) Relatively large project-type interventions were preferred; and 3) The share of united ODA was less than other donors (Sungil, K, 2016).

Chapter 3: Theoretical Framework and Methodology

3.1 Theoretical Framework.

The purpose of this study is focusses on social economic development and conceptualizing donors-recipient relationship coordination for ODA management. As Fraser and Whitfield (2009), and Elinor (2005), the key insight study “Negotiating Aid” lies in the process of engagement between recipient government and ODA providers as one of negotiation. They simplified model of an aid negotiation, in which recipient negotiating capital leads to certain negotiation strategies. ODA donors have negotiating capital, derived from the same set of structural conditions, which lead in turn to provider strategies (Fraser, A & Whitfield, L, 2009). Greenhill, Prizzon, and Rogerson (2013), They are emphasized the crucial role of rational choice theory to explained their model. It is suggested that political actors select courses of action according to rational calculations about how to achieve their preferred outcomes. In the sense, the calculation is rationally based on various contexts such as political, social, and economic contexts. The structural conditions present donors and recipients with constraints to consider in deciding what they think can be achieved through negotiation, and with resources to draw on to make their case in a way that compels the other to consider their preferences carefully (Greenhil, R , Prizzon, A & Rogerson, A, 2013).

This part will be an exploration of the main government institutions, foreign government donors in Laos, who have direct involvement in ODA area. This study will be a descriptive case study research to demonstrate the available policies, mechanisms in ODA management framework that would have important relationship to effective development implementation in Laos context. Also, the study will explore the variety of ODA modality and channel which have been operated in social-economic development paradigm. To look deeper into the relationship between ODA management framework and development effectiveness, cross-sectional model will take a snapshot on a specific single timeframe with a large-scale population. In this regard, in Laos

there are four key government institutions dealing with ODA policy formulation and ODA coordination, they are; Ministry of Foreign Affairs (MOFA); Ministry of Finance; Ministry (MOF) of Home Affairs (MOHA); and Ministry of Planning and Investment (MPI).

Looking at the four major donors’ side, Australia, Germany, Japan, and Korea they are providing the crucial and implementation of ODA on social-economic development relations and institutional set up on aid effectiveness and management in Lao PDR. As figure 3.1 the four major donors have the difference strategies framework ODA programs to providing on the National Social-Economic Development Plan (NSEDP) in Lao PDR.

Figure 3.1: The Conceptual Framework for Four Major Donors ODA Policy and Procedure on Implementation in Lao PDR.

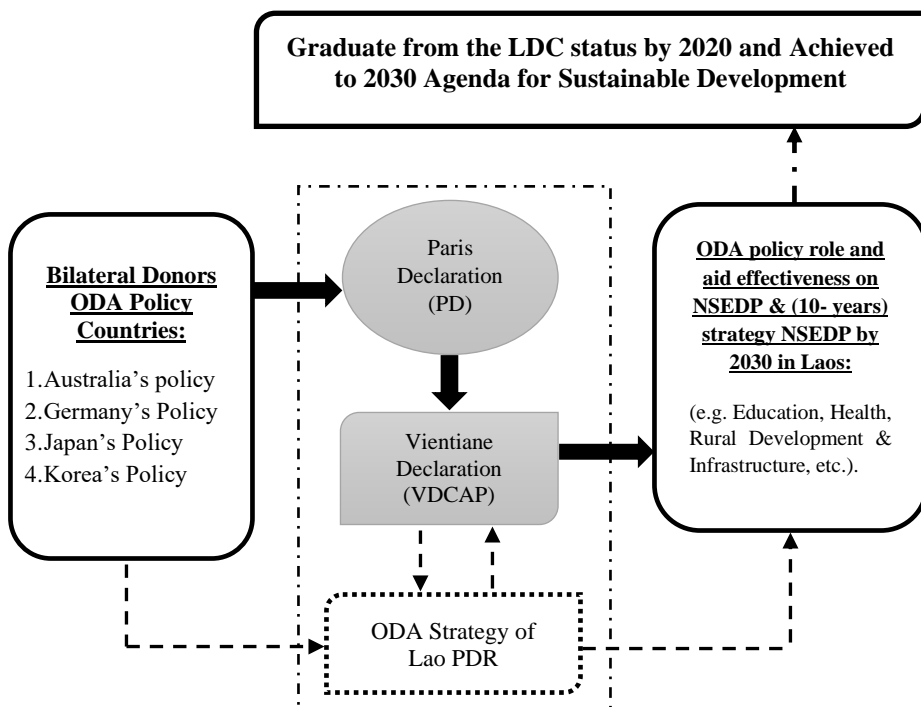


Figure: Donors ODA policy and implementation into PD/VDACAP in Laos.

According to the figure 3.1 examine the four major donors: Australia, Germany, Japan and Korea, by different ODA policy and implementation strategies/framework programs for the effectiveness of aid, contribution by the Paris Declaration into Vientiane Declaration in the NSEDP and ten-years strategy NSEDP by 2030 in Lao PDR, as follows:

Regarding the Australian ODA program, provided by the Australian Agency for International Development (AusAID), it is an administratively independent agency within the portfolio of the Ministry of Foreign Affairs and Trade (OECD, 2009). Australia has become a member of the OECD-DAC since 1961 (OECD, 2018). Australian ODA increased rapidly to A\$1.7 billion in 2005. Australian ODA/GNI ratio raised up to 0.62 percent in 1967 and then since 1988 it has not exceeded 0.4 percent. After that, it was decreased by 0.3 percent in 1996. In September 2005, the Australian government committed to double the amount of ODA around A\$4 billion per year by 2010. Those were explained in white paper 2006 “Australian ODA: Promoting Growth and Stability”. This could assure of aid effectiveness, enhance governance and narrow down corruption. The main purpose of Australian’s ODA program is help to develop the country to reduce poverty and achieve sustainable development, in line with Australia’s national interest (AusAID 2006, p.2, pp.20-21). Australian ODA can contribute to enhance economic growth by supporting to functioning state, invest in people and promote cooperation, and also regional stability. Especially, it is focused on the role private sector to assist recipient countries to achieve the goal of growth. Therefore, around 50 percent of Australian ODA as bilateral is tied for good and services (OECD, 2005c, p.53). However, white paper 2006 declares that Australia’s bilateral ODA would be united (AusAID 2006, p.22). In 2011, Australia provided A\$4.98 billion on ODA and become the ninth-largest DAC donor. The majority of Australia’s bilateral ODA 53 percent or A\$1.6 billion flowed in lower-middle-income countries (OECD, 2013, p.51).

AusAID (2014) pointed out that strengthening the effectiveness and the accountability of Australia’s ODA will conduct a link between aid funding decisions and performance, ensuring focusing on “value-for-money” and results. At the level of the country program, the benchmark of performance will present a shaper basis for the estimation of program performance. More focusing on the results will require monitoring improvement of aid investment. Weekly performing aid investment is required closer attention to new management. A performance framework will conduct to all levels of the aid

program and reshape the aid program and reshape the aid program on the right track reaches the goals.

As Germany is one of the original member countries of the OECD (OECD, 2001). Germany has become a member of the OECD-DAC since 1961 (OECD, 2018). Germany was third largest aid donor from mid-1970s to the mid-1980s and become the fifth largest ODA donors in 2004. The ratio of German ODA/GNI was only 0.35 percent less than the early 1980s that were almost 0.5 percent of which 60 percent was allocated bilaterally under the DAC average 67 percent. Germany has committed itself to increase ODA sharply to 0.7 percent of GNI by 2015, with the target 0.33 percent by 2006 and 0.5 percent by 2010. According to the past of Germany's ODA level likely risky influenced by the federal budget and economy of national, and also the power of the government's cooperation. German developed aid policies are structured within the context of foreign policy. German administration for ODA is quite complicated, the decisions making for German aid have done by the Federal Ministry of Economic Cooperation and Development (BMZ), which in-charge of overall consistency method among agencies who provide ODA. There were two main executing agencies as the agency for Technical Cooperation (GTZ)² and the agency of implementing principal for technical cooperation activities and the German bank for reconstruction (KfW)³. Germany increases the result-based for principles and conduct state expenditure. As previous Germany tries to ensure the aid provided is useful in a transparent and result-adjusted manner. This is just referred to the remarkable of Germany, which has linked to aid provision for technical assistance to ensure aid effectiveness of using fund. The particularly an important linkage is between good governance and aid allocation. Certainly, Germany is one of most intense advocates of good governance and examines "good governance a condition of co-operation" (OECD, 2001, p43).

² GTZ is the German Organization for Technical Cooperation (Gesellschaft für Technische Zusammenarbeit) was established in 1963, and 2011 changed the name to GIZ (the Deutsche Gesellschaft für Internationale Zusammenarbeit).

³ KfW is a German government-owned development bank (Kreditanstalt für Wiederaufbau), it was established in 1984.

Japan has become a member of the OECD-DAC since 1961 (OECD, 2018). Japanese ODA used to focus on Asia, 98 percent of Japan's aid gave to Asia in 1970. Later 70 percent in the 1980s and 54.8 percent in 2000. For overall 1970 to 2004, Japan provided ODA to East Asia around US\$71.6 billion (in terms of net disbursement). Japan become the global largest donor of ODA in 1989 and remain until late of the 1990s. The Overseas Economic Cooperation Fund (OECF) was established in 1965. In 1999, the OECF combined with the Import-Export Bank as the name of the Japan Bank of International Cooperation (JBIC). This institute was deal with soft loan and other official flow to developing country. In 1974, the Japan International Cooperation Agency (JICA) was established in dealing with technical cooperation and grant aid which in-charge under the Ministry of Foreign Affairs. Regarding implication of ODA, sometime JBIC and JICA had a different opinion on the better practice of aid. Thus, in 2008, part of soft loan of JBIC was combined with JICA that call (New JICA) which responsible for three types of Japan's ODA such as "grant, loans, and technical cooperation" (Sørensen 2010, pp.112-113). As the planning and implementation of ODA programs/projects is the main function of Japan's aid administration. Japanese ODA has been always changeable, even though disbursements depend on five years plan. The percentage of Japan ODA/GNI decrease less than 0.19 percent in 2004, which has not happened before since 1964s. if comparison to the 1990s, that were 0.25 percent and the 1980s were 0.3 percent. In spite of commitment of Japan's ODA has not been reached 0.7 percent, but the number of recipient countries of Japanese ODA has increased rapidly. There were more than 20 countries in the early 1960s, and then the number had grown sharply about eight times, around 170 countries by 2002 and made Japan became donor that has the largest number of recipient countries (Riddell, 2007, pp.59-60).

Korea has become a member of the OECD-DAC since 2010 (OECD, 2018). The since 1990, Republic of Korea began looking for a future aid model. Instead of American or West European models, Korea turns to Japan ODA model as a role aid model. The Korean International Cooperation Agency (KOICA) was established in 1991, that dealing with technical cooperation and grant aid under supervision of Ministry of Foreign Affairs and Trade (MOFAT).

In recent years, the KOICA has focused on main sectors such as education, health, disaster relief, and reconstruction. These sectors combine together are over 50 percent of the budget of KOICA in 2006. There are two types of Korean aid: 1.) Aid is given to foreign governments, government agencies or other eligible organizations to support the economic development of developing countries, and 2.) Concessional loan to Korea cooperation for overseas activities (Sörensen, 2010, pp.118-119). In 2011, Korean ODA disbursements were 6 percent greater than 2010, when surplus of Korean ODA was US\$1 billion. However, the ratio of Korean ODA/GNI in 2011 was unaltered from 2010 and under the target 0.13 percent for the year. Korea has pledged to increase ODA amount to reach 0.25 percent of ODA/GNI ratio in 2015. Korea's ODA volume was the 17 largest among the DAC member in 2011 (OECD, 2012, p.15).

Hence, a summary of this part, the terms policies of four major bilateral donors, as Australia ODA policy focuses on strengthening the effectiveness and conduct link between performance and fund decisions and ensuring focus on value-for-money and results. Germany ODA policy's following the Coalition Treaty Shaping Germany's future have been conducting the development cooperation policy of Germany by eight priority areas. Japan ODA policy's following which the development cooperation charter consists of country assistance policy, priorities policies of development cooperation and rolling plan. And Korea ODA policy's following the five basic principles for development cooperation. However, their policies have to alignment with the Paris Declaration or VDCAP to enhance aid effectiveness in developing countries. Especially, it is helpful and supporting on national social economic development plan with the period time of Laos, and also conducting the ODA mobilization strategy for Laos, by the sectoral priorities of Lao government and international global for developed country from LDC status and achieve to SDGs in 2030.

3.2 Research Methodology.

This part is going to explain the procedure of the research which comprises the design of the research; sample size; source and data collection

that consist of primary and secondary data. The structure of questions and method analysis in order to reply to the main issues of this study. There are two sections of data collection and source for this research, which comprise primary and secondary data as 1.) Primary data was collecting by interview face to face of the executive agencies and bureaucrats of Lao government, who are responsible for four major donors ODA. The feature of the interview was conducted by using questions approach and distributed to Lao government agencies; and 2.) Secondary data is collecting by websites, Lao official documents, journals, academic papers, books, and reports would be applied to this research.

3.2.1 Data Collection and Analysis.

The purpose of this research will apply qualitative approach which is most suitable for case study design. The qualitative analysis is valuable in organizational research because it allows researcher to investigate and examine the nuances of stakeholder perceptions, social-economic status, organizational behaviors, and societal trend (Natasha, M; Cynthia, W; Kathleen M.M; Greg, G & Emly, N, 2005). The qualitative data analysis which is also known as descriptive data is non-numerical data and it will be drawn from various of ODA-related literature, government official reports, international organization reports, articles, journals, and previous research. Also, categorical measurement expressed not in terms of comparison ODA implementation from four major bilateral donors (Australia, Germany, Japan, and Korea), it will be used to explain the progress of crucial policy and implementations ODA in Laos; and using both of data (primary and secondary data). The initial data would be the interview that gathers information from executive agencies of ODA who are in charge of four donors ODA in Laos. The secondary data will be access information from the previous studies and other official data. These data will be utilized to analyze in order to reply to the purpose and the main research questions, which compare the crucial policy, implementation of ODA on socio-economic development in Lao PDR. Within this analysis method, research can understand objectives by revealing the pattern and meaning of the content.

3.2.2 Sample Size.

The sample size is focusing on the main focal point of this study is executive agencies of the Lao government who are responsible for four major bilateral donors ODA. In currently, the structure of Lao government consists of 18 ministries and working by ten sector working groups, and there are fourteen ministries received ODA from these donors. Each ministry, there is a department of international cooperation (some ministry has another name, but the role and responsibility are the same), which in charge and monitors ODA fund programs/projects. Thus, the time-series data is also used for statistical analysis supporting the consistency and relevancy of descriptive data. A wide range of data is withdrawn from government reports and international organization reports, for instance OECD, IMF, WB, the UN, and namely a few. The analysis provides reflections and understanding not only on what changes happened but also how and it happened in the development cooperation context.

Chapter 4: Trend of ODA in Lao PDR.

4.1 The Role of ODA to Social-Economic Development in Lao PDR.

ODA has played an important role in the development of Lao PDR. ODA is promoting the economic development and welfare, it is widely used at national and provincial levels of programs implementation in Laos (MPI, 2016), to review foreign aid in Laos, does it work to the needs? It is hard to judge in practice of ODA in Laos, because of the arrangement of donors has altered gradually in recent years. Before 1988 the largest bilateral donor was the Union of Soviet Socialist Republic (USSR). Since USSR collapsed out, Laos has been filling the gap by receiving ODA more from western donors. However, ODA in Laos was increasing. The largest portion of ODA had received the agriculture, forestry and fishery sectors in the 1980s. by the end 1980s distribution of ODA to sectors had been changed to economic management and transportation/communication sectors by support from the WB and IMF as a “Macroeconomic Reform Program (MRP)”. There is 57 percent of total ODA contributed to these two sectors. As well as human resources, energy and mine sectors are also received more ODA. By correspondence of increasing western Development Assistance Committee donors (DAC) in Laos. The distribution of development ODA to sectors had met the need for economic reform (Hatashima, H, 1994).

As the MDGs of the UNDP. The poverty reduction is one of the eight goals that government of Lao and development partners emphasize to help Laos take the step to graduate from Least Developing Country (LDC) status, and ODA has played an important role to reduce poverty. As the survey of Lao Statistic Bureau (LSB, 2014) poverty in Laos continues to decrease according to consumption has expanded. The poverty reduced 4.3 percent points from 27.6 percent to 23.2 percent over the five years period between the fiscal year 2007-2008 and 2012-2013 (LSB, MPI, 2014). The UNDP’s evaluation and contribution to Laos presented proportion of people living below national poverty line was reduced from 48 percent in 1990 to 39 percent in 1997 (UNDP, 2007). On the other hand, ADB economics working paper series also argued

that absolute poverty rate in Laos would have decreased from 46 percent to 17 percent. The quality of poverty that appeared over the last two decades (fiscal year 1992-1993 to 2012-2013), reduced around 6 percent of the population (Peter, W, Sithiroth, R & Jayant, M, 2015).

Regarding the review of Lao NSEDP on 5th to 7th from 2001-2015, Lao PDR has received ODA from both as bilateral and multilateral which included grant and loan about US\$6.9 billion with the contribution of socio-economic development, especially on economic infrastructure such as transportation, hydropower, etc.; and social infrastructures such as education, healthcare and etc. In order to achieve the MDGs. Therefore, to achieve the SDGs by 2030, Lao government must pay more attention and more responsibility for transparency, efficiency and effectiveness of ODA, also improving development cooperation (MPI, 2016).

4.2 ODA Management in Lao PDR.

Regarding the World Bank emphasized that increasing ODA in Laos, the challenging of the Lao government for implementation ODA, Lao government needs to improving “performance management, incentive, and monitoring”. As a result of the WB’s 2003 Country Policy and Institution Assessment (CPIA) for Laos, which indicated weakness in some critical areas that consisting of the accountability and transparency of public sector and the quality of financial management and budgetary. Thus, Lao government will find the difficulty of making significant progress to realize development vision (World Bank, 2004).

As the Foreign Aid Implementation Report (FAIR) of Lao government since 2000-2015 pointed out some issues of implementation of ODA programs/projects in Laos that could not reach the goal in some sectors, the UNICEF (1992), World Bank (2004) also noted that for this reason of failure. To enhance ODA effectiveness, the Lao government and donors had signed the Vientiane Declaration on Aid Effectiveness (VD) in 2006, which adapted from the Paris Declaration (PD) to be Laos’s localized version. This Declaration has represented the shared recognition between the Lao government and stakeholders to improve the effectiveness of ODA in Laos. It also reflected the aspiration and PD’s structure and create the unique experience and

circumstances of Laos. However, it also presented the foundation of a partnership between the Lao government and donors in the core principles of aid effectiveness. Subsequently in 2007, the Vientiane Declaration Country Action Plan (VDCAP) was launched and it was revised in 2012. The revised VDCAP's indicators and targets also reflected international dialogue and agreements of good practices for development cooperation, and including the Busan Partnership for Effective Development Cooperation. The VDCAP represented the practical of VD and set out actions guided by underlying five principles of the Paris Declaration: *Ownership, Alignment, Harmonization, Managing for results, and Mutual accountability* (DIC, MPI, 2016).

In 2015, the Lao government and donors were the spirit of full solidarity to enhance partnerships for effective development cooperation. The successful conclusion of the 12th High-Level Round Table Meeting (HLRTM) has enabled us to assess progress made and learn valuable lessons from the implementation of the 7th NSEDP (2011-2015) and generate the means of implementation of the 8th NSEDP (2016-2020). We are united in partnership that is broader and more inclusive, founded on shared principles, common goals and determined commitments for effective development cooperation. The Lao government continues to strive towards graduating from LDC status, particularly through the implementation of the 8th NSEDP including the attainment of the unmet Millennium Development Goals (MDGs) were united in working towards the realization of this cherished goal, based on inclusive and sustainable level of economic growth. A new universal agenda for inclusive and sustainable development “the 2030 Agenda for Sustainable Development and Sustainable Development Goals (SDGs)” was adopted at the United Nations Sustainable Development Summit in 2015. We are looking forward to implementing these goals within the framework of the 8th NSEDP, and the 10-year Socio-Economic Development Strategy (2016-2025). And the declaration namely “VDCAP 2” has been developed in a spirit mutual understanding, transparency and accountability of all relevant development stakeholders. It aims to enhance the partnership to provides greater support for national poverty reduction efforts and sustainable and inclusive growth taking into consideration the economic, social and environmental dimensions of sustainable development and the

capacity of human resources and institutions. There are eight principles: 1.) *Ownership*; 2.) *Alignment*; 3.) *Harmonization and simplification*; 4.) *Inclusive partnerships for development results*; 5.) *Transparency, predictability, and accountability*; 6.) *Domestic resource mobilization*; 7.) *South-South and triangular cooperation*; and 8.) *Knowledge sharing, and business as a partner in development*” (MPI, 2015).

4.2.1 Overview of Sector Working Groups (SWGs).

In the initial step of Country Action Plan (CAP) implementation, it is mainly agreed that where existing SWG already operation well, then such groups could be mobilized by lead agency of the government and donor focal point to provide wide support to assist facilitate implementation of the CAP. There are four initial pilot sectors (out of ten SWGs) of the CAP such as agriculture and rural development; education; governance; health; illicit drug; infrastructure; macroeconomic; mine action and unexploded ordnance; natural resource management and environment; and trade and private (Table 4.1).

Table 4.1: The Development Cooperation by Sector Working Groups (SWGs) in Lao PDR.

No	SWGs	Charing Ministry and Co-chair Donors	Sub-sectors
1	Agriculture and Rural Development	<ul style="list-style-type: none"> - Ministry of Agriculture & Forestry; - France/AFD; - FAO. 	<ul style="list-style-type: none"> - Agro-biodiversity; - Agri-business; - Forestry; - Rural Development; - Policy Think-Tank.
2	Education	<ul style="list-style-type: none"> - Ministry of Education & Sports; - Australia; - UNICEF. 	<ul style="list-style-type: none"> - Basic Education; - Post-basic Education; - Education Management, Administration & Performance Assessment; - Education Research & Analysis; - Sport.
3	Governance	<ul style="list-style-type: none"> - Ministry of Home Affairs; - Ministry of Justice; - UNDP. 	<ul style="list-style-type: none"> - Public Service Improvement; - Legal & Institutional Oversight.
4	Health	<ul style="list-style-type: none"> - Ministry of Public Health; - Japan; - WHO 	<ul style="list-style-type: none"> - Health Planning & Finance; - Human Resources; - Mother and Child & Nutrition; - Health Care; - Food & Drug; - Hygiene & Health Promotion.
5	Illicit Drug Control	<ul style="list-style-type: none"> - Ministry of Public Security; - Japan; - Australia; - UNODC. 	<ul style="list-style-type: none"> - Drug; - Crime;
6	Infrastructure	<ul style="list-style-type: none"> - Ministry of Public Works & Transport; - Japan; - ADB. 	<ul style="list-style-type: none"> - Infrastructure Development; - Transport; - Water Sanitation & Urban Development.
7	Macroeconomics	<ul style="list-style-type: none"> - Ministry of Planning & Investment; - WB; - ADB. 	No Sub-sector Working Groups for this SWG
8	Mine Action and Unexploded Ordnance (UXO)	<ul style="list-style-type: none"> - Ministry of Labour & Social Welfare; - UNDP; - USA. 	<ul style="list-style-type: none"> - Clearance; - Victim Assistance; - Mine Risk Education.
9	Natural Resource Management and Environment	<ul style="list-style-type: none"> - Ministry of Natural Resources & Environment; - Germany; - WB. 	<ul style="list-style-type: none"> - Land - Geology & Minerals - Water Resource - Disaster, Climate Change & Environment.
10	Trade and Private	<ul style="list-style-type: none"> - Ministry of Industry & Commerce; - Germany; - EU. 	No Sub-sector Working Groups for this SWG

Source: GOL (2006, 2015), Vientiane Declaration of Aid Effectiveness

4.2.2 The Role of Lao Government on ODA.

As the requirement of development alignment with the NSEDP, as well as the coordination and harmonization of ODA to Laos, it is necessary to enhance the government's monitoring and evaluation process. The Lao government must ensure that there is a solid grasp of all programs/projects, which assisted by various donors' countries, international financial institutions (IFIs), and the UN. To deal with ODA, the government of Lao has assigned the responsibility of aid to the Ministry of Planning and Investment (MPI) is responsible with ODA programs/projects (grants aid), capturing donors' commitments and reporting about disbursements. Ministry of Finance (MOF) is monitors all concessional loans and the Banks of Laos (BOL) is monitors on debt and debt payment, and the Ministry of Foreign Affairs (MOFA) is responsible monitoring on program/projects by international NGO (INGOs) (ibid, p.52).

As monitoring and evaluation, to enhance effectiveness on aid through better donor cooperation has a crucial impact, given Lao's reliance on ODA and has been one of UNDP's main achievements. Laos is one of three Asian countries where the Round Table Meeting (RTM) is the first mechanism for aid cooperation, rather than the World Bank's Conclusive Group Meetings. Lao government with Co-chair of the RTM, UNDP has assisted create a forum of effectiveness for dialogue between the international community and Lao government. The RTM originally organized in Geneva as committee meeting for development partners, after that the RTM was shifted to Vientiane to assure more participation, improve national ownership, ensure the local donor community, and empower donors to realize on development need (UNDP, 2007).

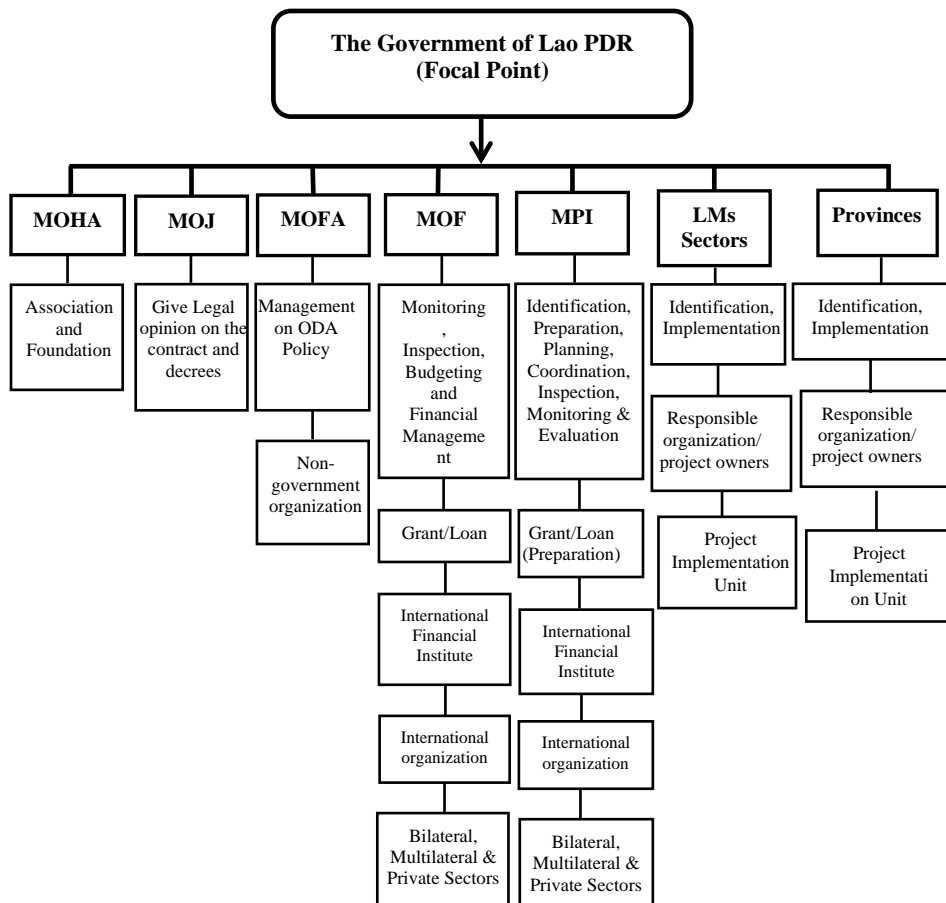
Since 2009, the Ministry of Planning and Investment (Department of International Cooperation "DIC"), had developed the National Standard Operating Procedure (SOP) for the government organizations who are implementing ODA programs/projects as well as implementing partners and donors who provide ODA. The SOP is one milestone of the VD on aid effectiveness, which base on agreement principles of the Paris Declaration and the Busan outcomes statement: Ownership, Harmonization, Efficiency,

Effectiveness, Openness, Competition, Transparency, Non-Discrimination and Accountability, and the associated Global Partnership for Effective Co-operation. Hence, the SOP is reflecting Prime Minister Decree No. 75/PM⁴ on the management and utilization of ODA. The SOP is applicable to ODA development project cycle in Laos that comprise six steps: 1.) *Identification and justification*; 2.) *Formulation, planning, and design*; 3.) *Appraisal and negotiation*; 4.) *Approval*; 5.) *Implementation*; and 6.) *Completion, extension, mainstreaming or cluster* (DIC, MPI, 2017).

According to the implementation of Prime Minister's Decree No.75/PM has set up the rights and obligations of the ministries/authorities on ODA management include those of: MOFA, MOF, MOHA, MOJ, MPI, and local authorities (provincial level), that is identified on the ODA management and using of ODA and the guidance of the Ministry of Planning and Investment, No.2503/MPI on 2013 (Figure 4.1).

⁴ Prime Minister Decree (PMD) No. 75 is declared on 20 March 2009 and associated Government Laws, Decrees and institutions associated with the implementation of PM Decree. It reflects the division of responsibilities between Government Ministries and Institutions concerns principally to four ministries: MOFA, MOF, MPI, and MOJ.

Figure 4.1: The Responsibility of Lao Government’s ODA Management.



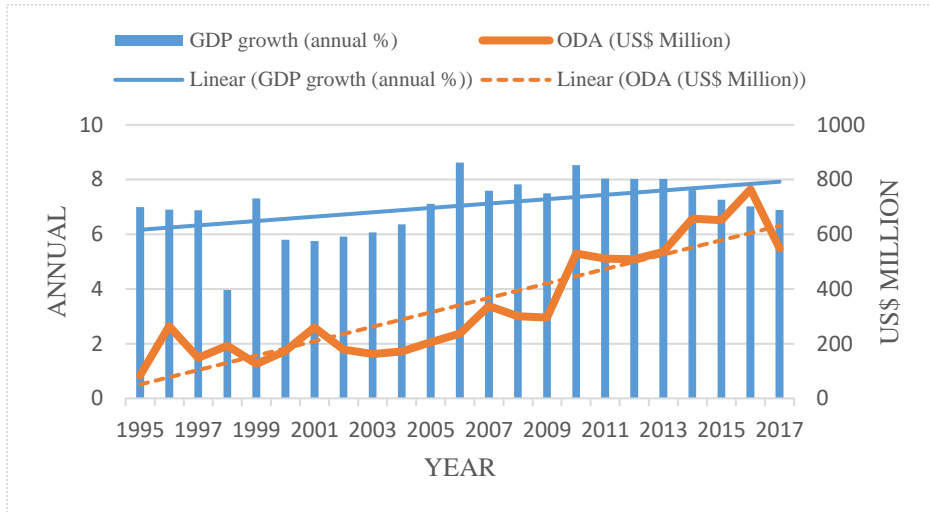
Source: MPI-DIC, (2017) SOP Manual of Official Development Assistance Projects/Programs in Laos.

4.3 ODA Net-inflow to Lao PDR.

ODA net-flows to Lao PDR contain grant, technical assistance, trust fund, loan and humanitarians by official channel to the foreign policy of Lao government. ODA is one of the important for implementation of NSEDP. As the 7th NSEDP (2010-2015) emphasized the ODA must contribution about 24-26 percent of the total investment plan and average GDP growth should not be less than 7 percent. In this regard, the role of ODA and responsibilities of donors under management instruction have distinctly highlighted each individual role. In addition, VDCAP has also exploration the main points on effectiveness, where the accuracy and transparency of information should be provided by government agencies and stakeholders. According implementation report of the 7th NSEDP, ODA contributes 17.7 percent of total investment in

the Fiscal Year (FY) 2010-2011, and 12 percent of the total year investment in the FY 2014-2015 (MPI, 2016, p.9) (Figure 4.2).

Figure 4.2: ODA inflow and GDP Growth (Annual %) in Lao PDR (1995-2017).



Source: Data from the World Bank and Creditor Reporting System (CRS-OECD.Stat)

Regarding the data from the WB and Creditor Reporting System (CRS) OECD.Stat. as show the ODA net-inflow and GDP growth in Laos in 1995-2017, Laos has received ODA from bilateral and multilateral countries. There are two types such as the member of DAC countries: Australia, Germany, Japan, Luxembourg, Korea, United States, Switzerland and etc. As McCarty & Julian (2009, p.9) claimed that in the 1980s, Laos had received ODA from DAC countries about two-thirds was tied by contracts of the commercial for goods and services from donors with high percentage. The main issues were standard of equipment and services are not fit local and conditions, and it had imported. Regarding CRS database of OECD, from 2005-2007, DAC country aid 75.4 percent to Laos was united. According the perspective of OECD was achieved the target that has 60 percent as united aid recommendation. For the multilateral, there is ODA from international institutions such as the ADB, EU, UN, and WB. However, the amount of ODA from multilateral is quite less than ODA from DAC countries (Table 4.2).

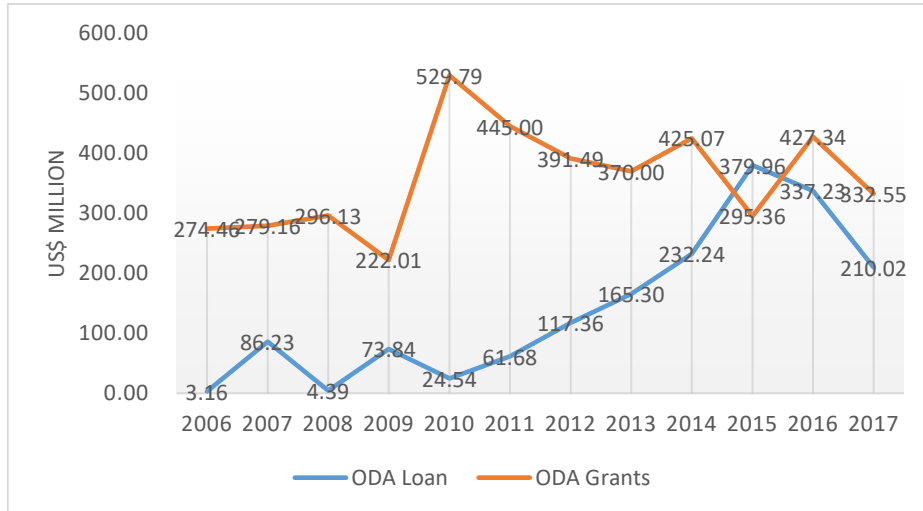
Table 4.2: ODA net-inflows to Lao PDR (2006-2017).

Type/ Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Bilateral	223.6	263.9	195.2	236.7	271.9	322.4	270.4	303.5	478.6	358.4	492.9	372.7
Multilateral	40.9	101.4	105.2	59.0	257.6	189.1	238.3	231.7	178.6	293.2	271.6	175.4
Total	223.6	338.3	300.4	295.7	529.5	511.5	508.7	535.2	657.2	651.6	764.5	548.1

Source: Data from CRS, OECD.Stat

ODA inflows to Laos has slightly increased from 2011. Despite the amount of ODA has enlarged, but most of them were loan aid which means that Laos has return funds to countries or organizations that have to provide financial support to Laos. However, the amount of grant gradually decreased almost a haft between 2010 and 2015 (Figure 4.3). the main factor that some donors' countries or organizations reduce the amount of grants because the NSEDP of Lao government has expected to graduate from LDC status by 2020 (MPI, 2011).

Figure 4.3: ODA Grant and Soft Loan inflow to Lao PDR from 2006–2017.



Source: Data from CRS, OECD.Stat

4.4 ODA Allocation an Internal by the Four Major Bilateral Donors in Lao PDR.

Regarding OECD explained that four major donors as Australia, Germany, Japan, and Korea. They are contribution ODA into the social-

economic development plan in Lao PDR from 2006-2017 (Figure 4.4) by sectors such as production, economic infrastructure, social-welfares sectors, and etc. as follows:

Australian ODA was contributed to the long-term development and economic growth in Laos, which including education, rural development, investment reform trade. From 2015-2016 (AsuAid, 2014). The amount from Australian ODA to Laos somehow fluctuated from 2006-2011 and seem to be constant from 2011-2017. Australia's ODA provides production, economic infrastructure and service sectors 36 percent, education 22 percent, health 3 percent, and other sectors 39 percent. More than 80 percent of bilateral aid distributed by region to Oceania and Asia. I recent years, the bilateral ODA in East Asia has reduced, the volume of ODA has increased consistently in real terms. From 2010-2011, on average of Australian ODA supported civil society and government sectors which include planning, development policy, and capacity strengthening for economic, development of legal and judicial. As focusing sector of Australia's ODA which consists education, health, water, and sanitation, as well as maintained shares of ODA for productive sectors, service and economic infrastructure (OECD, 2013, p.57).

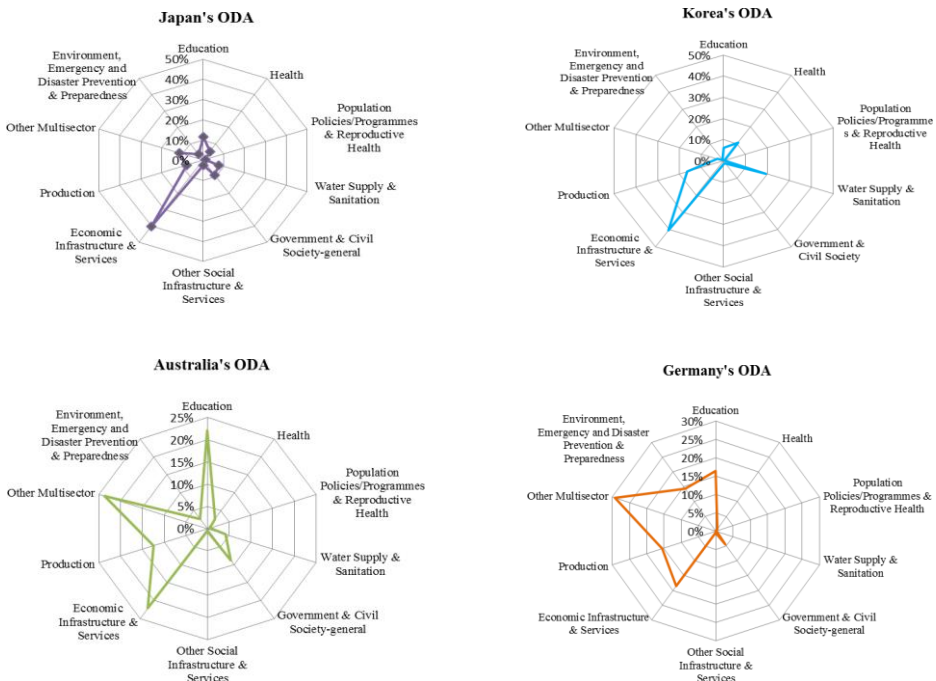
German ODA in Laos, was contributed to production, economic infrastructure and service sectors 34 percent, education 16 percent, health 1 percent and other sectors 49 percent. The sector allocations, German has paid attention to good governance, poverty reduction, and socially and ecologically oriented market economy. The largest to share of German ODA commitments flow to social infrastructure and service 43 percent in 2012-2013 which mainly focuses on the government, education, and civil society. As well as 27 percent of economic infrastructure and service in 2012-2013 with focusing on energy, financial and banking service. Furthermore, German emphasizes to multi-sector and environment for sustainable management (OECD, 2015, p.48).

Japanese ODA in Laos, for a decade of the period 2006-2017, Japan provided grant to Laos among US\$644.7 million and loan about US\$183.4 million. Japan allocates ODA on production, economic infrastructure and service 48 percent, educations 11 percent, health 6 percent, and other sectors 35 percent. According to white paper on development cooperation in 2015,

based on the ranking of top 30 recipients of Japan's bilateral ODA in 2014, Laos was a twenty-second recipient country that has received US\$106.9 million. Nevertheless, Laos is a thirds recipient country that received US\$65.5 million for gross disbursements for grant. by technical cooperation Laos was received US\$29.1 million, and by soft loan received US\$8.7 million (MOFA, 2016).

Korea ODA from 2006-2017, about two-thirds of Korean ODA in Laos was a soft loan that focused on production, economic infrastructure, and service sector more than other sectors, which has 57 percent of total ODA such as health 11 percent, education 6 percent and other sectors 26 percent. Korea was supported bilaterally 80.7 percent in 2015 and distributed 19.3 percent all of ODA for contributions to organizations' multilateral compared to the DAC country average of 26.2 percent. By gross disbursement of Korean ODA in the year 2014-2015 average. Therefore, Laos was the sixth of the top ten recipient countries that received Korean ODA, which primary focusing sectors in order on economic infrastructure, education, healthcare, and population, and other social infrastructure (OECD, 2017, pp.229-231).

Figure 4.4: ODA Disbursement from Four Major Donors to Sectors in Lao PDR.



Source: Creditor Report System (CRS), OECD.Stat

4.5 ODA Performance of Four Major Bilateral Donors: Australia, Germany, Japan, and Korea.

Regarding OECD (2015), by comparison, ODA performance of DAC donors in 2013, which has an average country effort 0.39 percent. Among four major donors, the percent's GNI of Germany had closed to the average than other by 0.38 percent and flows by Australia 0.33 percent, Japan 0.23 percent, and less than others it was Korea had only 0.13 percent of GNI. Nevertheless, among these donors has committed increasing percentage of GNI to reach the average country effort year and furthermore to the United Nations target which is 0.70 percent of GNI (Table 4.3).

Table 4.3: The ODA Performance of Four Major Bilateral Donors.

Official Development Assistance			Grant element of ODA (commitment 2013)	Share of multilateral aid				ODA to LDCs Bilateral and Multilateral agencies 2013		
2013		2007-2008 to 2012-2013 Average annual % change in real terms		% of ODA		% of GNI		% of ODA	% of GNI	
USD Million	% of GNI		% (a)	(b)	(c)	(b)	(c)			
Aus	4.846	0.33	6.0	99.9	14.0		0.05		27.6	0.09
Ger	14.228	0.38	0.9	86.9	33.6	15.2	0.13	0.06	23.7	0.09
Jap	11.582	0.23	2.1	89.1	25.6		0.06		60.5	0.14
Kor	1.755	0.13	16.7	95.1	25.4		0.03		40.6	0.05
Memo: Average Country effort		0.39								
UN target		0.70								
Remarks			a. Excluding debt reorganization. b. Including European Union Institutions. c. Excluding European Union Institutions.							

Source: (OECD, 2015, p.100) OECD Development Cooperation Peer Reviews

Since 2006-2017, the ODA/GNI ratio (Percentage of GNI) of Australia, Germany, and Japan to developing countries around the world was about equal or greater than 0.2 percent. In contrast, Korea's ODA/GNI ratio less than 0.2 percent (Table 4.4).

Table 4.4: ODA/GNI Ratio (Percentage of GNI) of Four Major Bilateral Donors.

Country/ Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Aus	0.29	0.32	0.31	0.29	0.32	0.34	0.36	0.33	0.31	0.29	0.26	0.23
Ger	0.35	0.36	0.38	0.35	0.38	0.38	0.37	0.38	0.42	0.52	0.69	0.67
Jap	0.25	0.17	0.19	0.18	0.20	0.18	0.17	0.22	0.19	0.20	0.20	0.22
Kor	0.05	0.07	0.08	0.9	0.11	0.12	0.14	0.13	0.13	0.13	0.15	0.14

Source: OECD-DAC Creditor Reporting System (CRS), OECD.stats

Regarding OECD-DAC data from 2006-2017, Korea ODA had less share united ODA if compare to Australia, Germany, and Japan. Among these four donors, Korea was a new member of OECD-DAC. Thus, the percentage of share united ODA of Korea was slightly increasing every year (Table 4.5).

Table 4.5: The Percentage of Share United Bilateral ODA from 2006-2017.

Country/ Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Aus	99.7	99.5	100	99.3	100	100	100	98.8	98.3	100	97.9	100
Ger	100	99.7	99.9	100	99.7	100	100	99.9	99.9	100	90.5	98
Jap	100	100	100	100	100	100	100	99.8	100	99.6	100	100
Kor	0.0	17.7	16.1	36.6	27.1	57.7	40	58.2	58.4	49.1	43.9	65

Source: OECD-DAC Creditor Reporting System (CRS), OECD.Stats

Chapter 5: Finding and Discussion

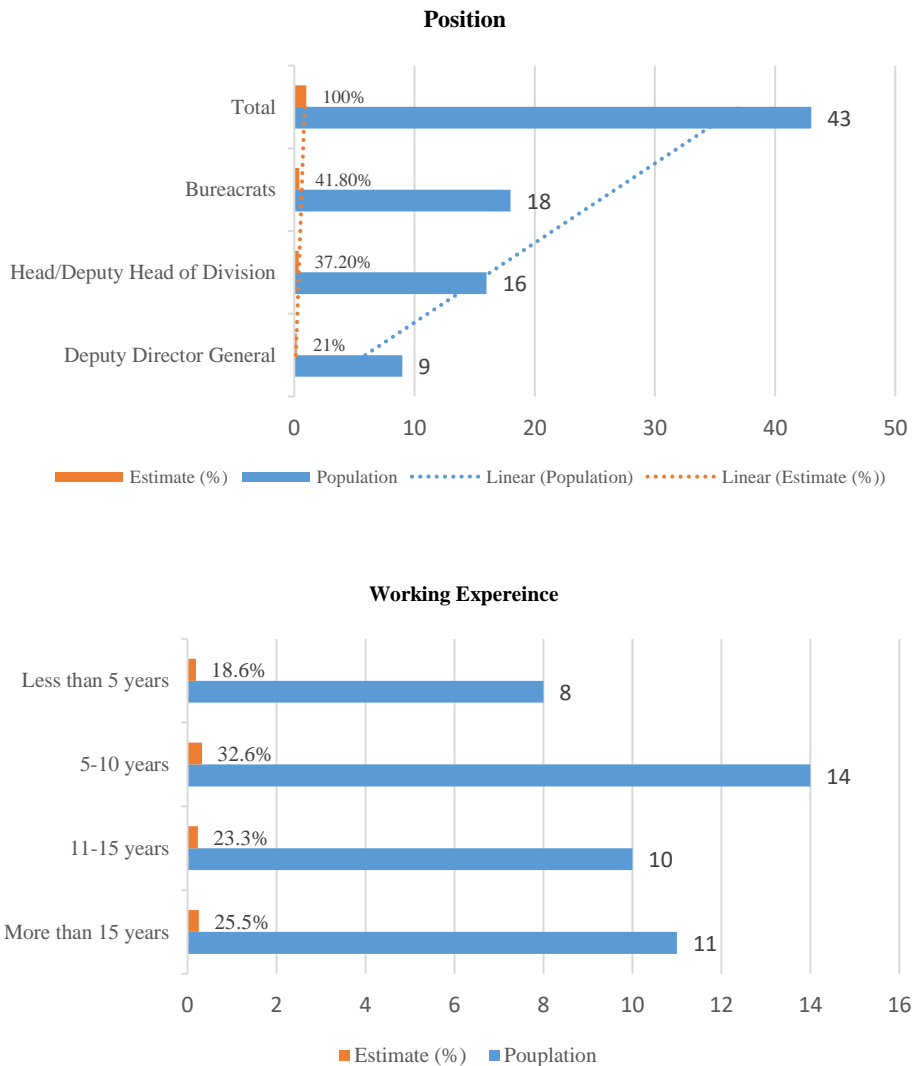
This chapter illustrates the finding and results of this study that came from the interview process and subsequent data analysis. As mentioned in chapter 3, this study uses a qualitative methodology approach to analysis. The purpose of this chapter examines the data analysis which is also known as descriptive data and it will be drawn from various of ODA-related literature, government official reports, international organization reports, articles, journals, and previous research. Also, categorical measurement expressed in terms of comparative ODA policy and implementation from four major bilateral donors (Australia, Germany, Japan, and Korea), it will be used to explain the progress of crucial policy and implementation ODA to enhance aid effectiveness, impacts and achieve the SDGs in next five year in Laos. Regarding the research questions in chapter 1, as follows:

1. What does a major donor country have a more crucial policy and implementation of ODA to enhance aid effectiveness and promote sustainable development in Lao PDR?
2. What is a characteristic of four major bilateral donors such as Australian, German, Japan, and Korea ODA?

5.1 Key Point from the Interview.

Regarding the interview survey, there are forty-three public officers out of fifty-six interviews and counted into seventy-six percent (each ministry/organization has four public officers for interview) on face to face interview to respondents from the total population of fourteen ministries/organizations in charge of received and implementation of ODA from four major bilateral donors in Lao PDR. Nevertheless, all of the respondents are working on ODA management and the majority more than fifty percent of population have working for experience more than five years, as well as the deputy director generals, head and deputy head of division. Also, the bureaucrats are working less than five years. Therefore, this data has provided from respondents is believable and realistic (Figure 5.1).

Figure 5.1: The Position and Working Experience of Population.



Source: Interview survey, 2019

5.2 The ODA Policy Analysis of Result.

5.2.1 The ODA Policy of Four Major Bilateral Donors Through Guideline Principles on Aid Effectiveness in Lao PDR.

Regarding the results from the interview survey, the perspective of Lao government officers who are responsible for four major donors like Australian, German, Japanese, and Korean ODA. As the ODA coordinator secretarial organization and from line ministries discussion on the five principles of the

declarations Paris Declaration into Vientiane Declaration (as mention in chapter 2), those are beneficial to use aid effectiveness highest results and transformed from the executive project management programs/projects based to program-based approach to agencies or implementing to the local organizations and the city budget is sufficient to implementation activities or intervention various targets. Among these four donors relate to the contribution their policy of five principles on aid effectiveness. Therefore, from the result of interview survey can examine that the contribution of Australia, Germany, and Japan's policy through the principles of aid effectiveness are more crucial than Korea policy by the comparison of the percentage of contributions in five principles. which is Australia's contribution in principles 1 (78 percent); 2 (76 percent); 3 (78 percent); 4 (75 percent) and; 5 (73 percent) all the five principles for Australia's estimate on 76 percent. Germany's contribution in principles 1 (84 percent); 2 (82 percent); 3 (80 percent); 4 (84 percent) and; 5 (80 percent) all the five principles for Germany's estimate on 82 percent. Japan's contribution in principles 1 (74 percent); 2 (76 percent); 3 (78 percent); 4 (74 percent) and; 5 (74 percent) all the five principles for Japan's estimate on 74 percent. And Korea's contribution in principles 1 (66 percent); 2 (70 percent); 3 (72 percent); 4 (68 percent) and; 5 (74 percent) all of five principles for Korea's estimate on 69 percent (Table 5.1).

Hence, the summary of this part, as the result of interview survey forty-three from the Lao government officers perspective the five principles on aid effectiveness (Paris Declaration) into the VDCAP in Laos, could summary of the contribution by the ODA policy from four major donors bilateral by the estimated percentage, there have three donors such as Australia, Germany, and Japan's contribution more crucial policy than Korea ODA policy.

Table 5.1: The Contribution ODA Policy from Four Major Donors in Lao PDR.

No	The Five Principles	Descriptions	Australia	Germany	Japan	Korea
1	Ownership	Partner countries exercise effective leadership over their development policies, and strategies and coordinate development actions	Contribute policy in principle 1; 78%	Contribute policy in principle 1; 84%	Contribute policy in principle 1; 74%	Contribute policy in principle 1; 66%
2	Alignment	Donors base their overall support on partner countries' national strategies, institution, and procedures.	Contribute policy in principle 2; 76%	Contribute policy in principle 2; 82%	Contribute policy in principle 2; 76%	Contribute policy in principle 2; 70%
3	Harmonization	Donors' actions are more harmonized, transparent and collectively effective.	Contribute policy in principle 3; 78%	Contribute policy in principle 3; 80%	Contribute policy in principle 3; 78%	Contribute policy in principle 3; 72%
4	Managing for Results	Managing and improving decision-making for results.	Contribute policy in principle 4; 75%	Contribute policy in principle 4; 84%	Contribute policy in principle 4; 74%	Contribute policy in principle 4; 68%
5	Mutual Accountability	Donors and partners are accountable for development results.	Contribute policy in principle 5; 73%	Contribute policy in principle 5; 80%	Contribute policy in principle 5; 74%	Contribute policy in principle 5; 74%
Total			76%	82%	75%	69%

Source: Interview survey, 2019 & OECD (2005; 2012), Paris Declaration on Aid Effectiveness.

Furthermore, the interview result can consistent to OECD (2012, pp.167-184) the targets of the Paris Declaration in 2010, all of the donors and recipient countries as DAC members meet only 1 out of 13 global targets of these five principles which are the indicators of strengthening capacity by coordination supporting under Alignment. Nevertheless, in terms of donor data, Australia has meet targets of Alignment “**a.)** Strengthen capacity by coordinated support; **b.)** Use country public financial management systems; **c.)** Strengthen capacity by avoiding parallel; **d.)** Aid is more predictable, and **e.)** Aid is united”. Harmonization “Use of common arrangements of procedures”; and Managing for results “results-oriented frameworks”. Germany has meet targets of Alignment “**a.)** Strengthen capacity by coordinated support; **b.)** Strengthen capacity by avoiding parallel; **c.)** Aid is united”. Japan has met the target of Alignment “Aid is united”. And Korea has not met any target of the Paris Declaration overall. Despite, there is not assessment data of donor countries for

the principle of Ownership; Managing for Results; and Mutual Accountability, but the contribution of donors is required to support these principles in a partner country. This OECD survey could present that three donor countries made progress on these principles. However, despite Korea cannot meet any targets, but Korea still has some progress on moving forward to reach the targets (Table 5.2).

Table 5.2: The Verification on Monitoring the Paris Declaration of Four Major Donors ODA.

Principles / Country	Australia	Germany	Japan	Korea
Ownership	Data available for partner countries, the scores range from A (high-progress is sustainable) to E (low-little action has been taken)			
Alignment	Meet 5 out of 7 targets of Alignment (<i>Strengthen capacity by coordinated support; use country public finance management system; strengthen capacity by avoiding parallel; aid is more predictable; aid is united</i>)	Meet 3 out of 7 targets of alignment (<i>Strengthen capacity by coordinated support; strengthen capacity by avoiding parallel; aid is united</i>)	Meet 1 out of 7 targets of alignment (<i>Aid is united</i>)	Not meet any targets
Harmonization	Meet 1 out of 3 targets of harmonization (<i>Use of common arrangements of procedures</i>)	Not meet	Not meet	Not meet
Managing for Results	Data available for partner countries, the scores range from A (high-progress is sustainable) to E (low-little action has been taken)			
Mutual Accountability	Data available for partner countries (action yes, no, N/A)			

Source: OECD (2012), Aid Effectiveness 2011: Progress in Implementing the Paris Declaration.

5.2.2 The Progress on Aid Effectiveness by Four Major Bilateral Donors in Lao PDR Through the Global Indicators.

Regarding the perspective of public officers of Laos on the ten global indicators, which under the Paris Declaration on aid effectiveness that has been used to measure the effectiveness of development cooperation between OECD country and developing country. In this regard, by the practicing of ODA policy through the implementation of ODA programs/projects of four major donors in Laos. The public officers can discussion the characteristic of donors through

these indicators. As the results from interview survey most of the indicators of 9 out of 10 indicators, Germany has a more crucial for the overall global indicators of progress on aid effectiveness for 78 percent. By comparison the percentage estimate among four major donors. Australia is more crucial for 5 out of 10 indicators of progress on aid effectiveness for 72 percent, which comprise development cooperation in more predictable. *“Aid is on budgets which are subject to parliamentary scrutiny; Mutual accountability strengthen through exclusive reviews; Gender equality and women’s empowerment and use of developing country’s public financial management (PFM); and procurement systems”*. As Japan is more crucial for 4 out of 10 indicators of progress on aid effectiveness for 73 percent, which are *“transparency of information on development cooperation is publicly available; aid is on budgets which are subject to parliamentary scrutiny, quality and using of developing country’s public finance management (PFM) and procurement system; and aid is united”*. Korea was more crucial for 1 out of 10 indicators of progress on aid effectiveness for 66 percent, that is *“civil society operates within an environment that maximizes its engagement in and contribution to development”*, and also Korea is low of percentage among from four major donors. For the overall, as the interview survey for the principles of the Paris Declaration and global indicators of the progress on aid effectiveness that the content has been connected to each other. In practical of Australian, German and Japanese ODA policies are considered more crucial than Korea ODA policy (Table 5.2).

Moreover, the interview survey result, it can support the argument of OECD survey for Laos in 2007 and 2010. Australia, Germany has made progress on 8 out of 10 indicators, Japan has made 6 out of 10 indicators, and Korea has made progress only 4 out of 10 indicators. In term of these survey, the percentage rate of united aid which is considered more important than other indicators and many scholars had mentioned, and it was explained in chapter 2, about “united aid”. Korea has made only 23 percent, which is lowest than the average 23 donor ratio and also the less than among four major donors. In this regard, it can refer to survey among DAC member which consist of 32 countries in 2007 and 78 countries in 2010. Korea has made progress in united aid from

21 percent in 2007 to 47 percent in 2010. However, Korea has made a progress on this indicator, but this rate is about a half of Australia, Germany, and Japan's percentage of united aid (OECD, 2012).

Hence, there is connected to OECD development cooperation peer review of these four major donors. Australia is one of strong support for untying aid to promote the value of money. Australia has not just only met the OECD-DAC recommendation on untying aid in 2008, but as well as commitments made in ACCRA and Busan to the maximum extent of untying aid. Among of many donors, Australia was well ahead of the DAC average untying ratio 73 percent in 2011. Nevertheless, in spite of tenders being united and open a share of united aid as recommendation by 2008, it is still sourced from suppliers of Australian. The contracts of AusAID's united aid were awarded to comprise of Australian 62 percent in 2011, it accounted 85 percent of the monetary value of those agreements. In addition, there is only 22 percent of procurement under the aid program which managed by AusAID was undertaken by using partner country systems (OECD, 2013, p.77). At the high-level forums on aid effectiveness in ACCRA (2008) and Busan (2011), Germany has made progress in untying ODA. In 2013, Germany increased untying ODA to 83 percent as the 2001 DAC recommendation, up from 78 percent in 2010. The share of united aid, in terms of total bilateral ODA (excluding in-donor refugees' cost and administrative), increase from 75 percent to 80 percent in 2010-2013, equal to the DAC average in 2013. As well as for technical cooperation, Germany has made efforts to united the share from 48 percent in 2010 to 57 percent in 2013 (OECD, 2015, p.66). As Japan argues that united ODA is contributes to transferring technology of Japan, experiences, and knowledge. Japan reported 100 percent of ODA was united by 2001 as DAC recommendation on untying ODA which the DAC average 90 percent. Nevertheless, in term of Japan's bilateral ODA, the share of united aid was 71 percent in 2012, that is under the DAC estimate of 79 percent. This is also reflecting a fall of Japan's untying status of technical cooperation. If technical cooperation was not included in the calculation, in 2012 the share of united aid should have been 86 percent (OECD, 2014, p.60). Korea is encouraged to make progress on united aid and to meet the targets of DAC recommendation and as

well as ACCRA, Busan and DAC accession commitment. Furthermore, Korea's share of united aid reduced from 37 percent in 2009 to 27 percent in 2010 that lower than 88 percent of DAC estimate in 2010. The proportion's total united aid of Korea was 32 percent by comparing to 44 percent in 2009. Thus, this performance will be limited Korea's ability to reach the DAC recommendation (OECD, 2012, p.20).

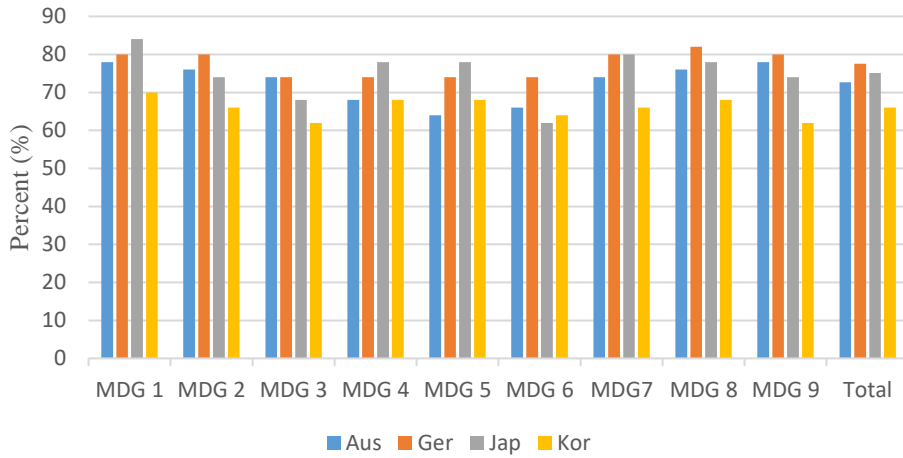
5.2.3 The Strategies of ODA Allocation to Lao PDR by Sector Working Groups (SWGs) and Millennium Development Goals (MDGs/SDGs).

Regarding an agreement of the government of Lao and donors to provide support and assist facilitate implementation of the CAP, both are agreed to exit SWGs as lead agencies of the government and donors focal point in chapter 4. These SWGs are mainly working on sectors allocation of ODA by donors and also focusing on the MDGs 2000-2015 (the UN Millennium Summit), and the SDGs 2016-2030 (the United Nations Rio+20 Summit) in chapter 2. As this research is mainly focusing on the policy and implementation of ODA by four major bilateral donors who provided a large amount of ODA since the period 2006-2017, as data of Creditor Report System (CRS), OECD.Stat. Simultaneously, the period is the implementation of the 6th, 7th, and 8th (Mid-term review plan) NSEDP of the Lao government which had a high amount of ODA flows to Laos, it is also the high annual percentage of GDP growth (Chapter 4).

Since 2000 to 2015, there were 8 MDGs and one national MDGs as MDG9 which is necessary for the Unexploded Ordnance (UXO) clearance in Lao PDR. As the interview survey for the contribution of four major donors in Laos to distribute ODA fund and support Laos to achieve MDGs. In terms of "benchmark for explaining the interview survey data", the estimated percentage of four donors. By the comparison among four donors, Germany is estimated high percentage as 78 percent for more crucial for all 9 MDGs. In parallel, Korea is estimated low percentage as 66 percent for crucial for all MDGs. Meanwhile, Australia and Japan are quite similar results. They are contribution to MDGs are more crucial for overall. Japan is estimated more crucial 75

percent for overall 7 out of 9 MDGs. Australia is estimated more crucial 73 percent for overall 6 out of 9 MDGs. (Figure 5.1).

Figure 5.2: The Strategies of ODA Allocation Inflow to Lao PDR by the MDGs.

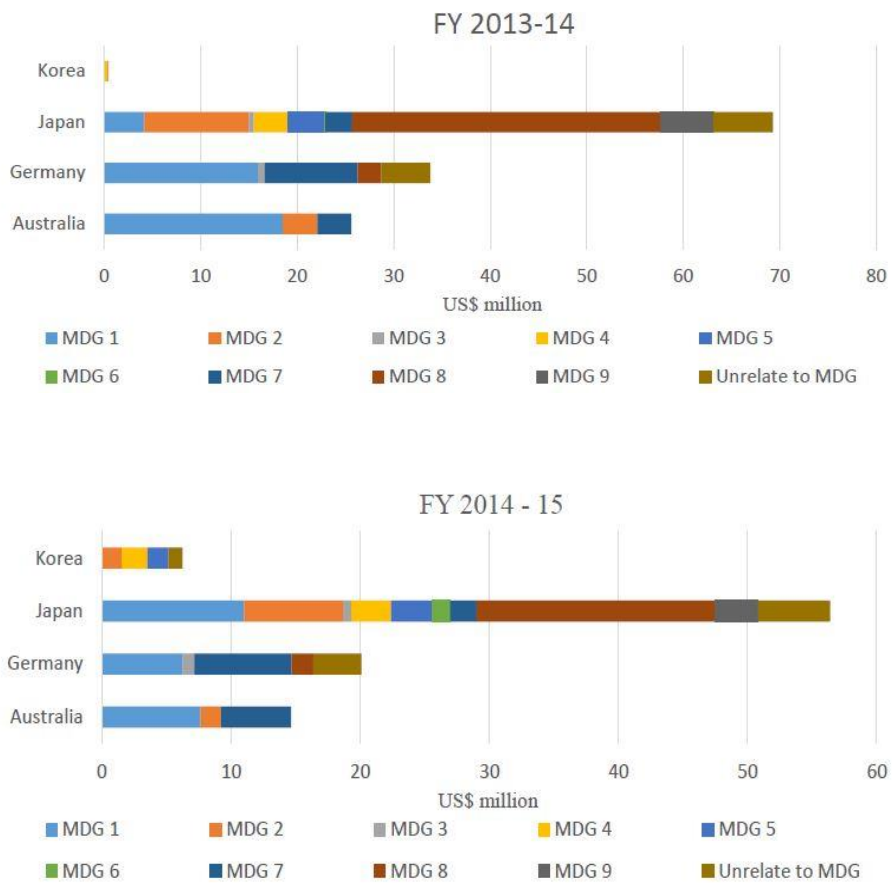


Source: Interview survey, 2019 & www.la.one.un.org/progress-in-lao-pdr#top

Hence, in this regard, it is consistent to the organization, as DIC, MPI (2016, pp.23-39) indicated on a report of ODA snapshot for fiscal years 2010-2011 to 2014-2015 for ODA disbursement to support MDGs in Laos, augured that development results for Lao PDR, Japan was the largest contributor, account about 50 percent of ODA bilateral flows which disbursements were equivalent to US\$85 million. Australia, Germany, France and other donors account for around 30 percent of total bilateral ODA in 2004. By using data from Aid Manager Planform (AMP) databased (currently developed to ODA-MIS databased). DIC, MPI has reported in this snapshot that there are top 6 donors like ADB, European Union, Australia, Germany, Japan, and Luxembourg share more than 50 percent of total ODA disbursement. These donors are the main donors in all MDGs. As the data for 2013-2014 to 2014-2015 (annual reports), among four major donors Australia, Germany, Japan, and Korea. As Japan contributed to all MDGs which largest amount US\$69.3 million in the fiscal year 2013-2014 and US\$56.4 million for fiscal year 2014-2015. As Australia and Germany contributed to some MDGs and the amount of disbursements also less than Japan. Nevertheless, the amount of Australia

and Germany’s disbursements are still considered to be a top main donor who contributed to support MDGs in Laos, as the DIC, MPI’s report of ODA snapshot for the fiscal year 2010-2011 to 2014-2015. On the other hand, Korea had been a small amount of ODA disbursements contributed to few MDGs in both fiscal years, which is US\$0.4 million in 2013-2014 and US\$6.2 million in 2014-2015 (Figure 5.2).

Figure 5.3: The Actual ODA Disbursements of Four Major Bilateral Donors to MDGs for the Fiscal Year 2013-2014 and 2014-2015 in Lao PDR.



Source: DIC, MPI (2016, pp.23-29) ODA Snapshot for Fiscal Years 2010-2011 to 2014-2015.

As the data of the fiscal year 2013-2014 to 2014-2015, among four major donors, Japan contributed to all MDGs. Japan allocated more funds on MDG 8, 2, and 1 with amounts more than US\$80 million. Germany allocated funds on MDG 1, 3, 7, and 8 with amount more than US\$45 million. Australia allocated

funds on MDG 1, 2, and 7 with amounts about US\$40 million. And Korea allocated on MDG 2, 4, and 5, with amounts is less than US\$6 million. Thus, it can see that these two fiscal years, Korea contributed to MDGs less than three donors (Figure 5.2). The reason that Korea provided small amount to MDGs and few MDGs, could be that Korea focuses on production, economic infrastructure, and services more than other sectors. In that way, Korea provided a concessional loan more than a grant. This issue is argued by Chun (2010) and Sungil (2016). According, chair and co-chair of ten Sector Working Groups (SWGs), who are working to support MDGs. As Australia is the co-chair of Education sector, and Illicit drug control sector. Germany is co-chair of Trade and Private sector, and Natural resource management and environment sector. Japan is co-chair of Infrastructure sector, and Illicit drug control sector. And Korea is not co-chair of and SWGs (Table 4.1).

Hence, each donor has an own policy and strategy. Furthermore, recipient country should have a good plan in order to request ODA fund from donors to achieve the goals. As the report of the High-Level Round Table Meeting (HLRTM) 2015 in Laos, was reported on evaluation in 2013 which MDG 1, 2, 4, and 9 were still under the target. However, donors and recipient countries should take lesson learn and pay more attention to work more closure to manage a sector allocation to achieve in the SDGs by 2030.

5.2.4 Analysis ODA Implementation and Management in Lao PDR.

Regarding the interview survey on the ODA implementation in Lao PDR, the public officers responsible discussed, each donor has an own Standard Operate Process (SOP) to operate ODA programs/projects. Therefore, in term of the Paris Declaration (PD), donors and recipient countries as the government of Lao need to align and harmonize the process of implementation. Thus, the national of SOP of the government of Lao has developed in 2009 and it was revised in 2017 to facilitate to ODA implementation and cooperation on aid effectiveness. In term of the SOP, there are six steps which all parties from line ministries/local authorities, and donors should follow as part of the operational procedures. Each step is consisting of the key issues and detail to identify a function both of government and donors (DIC, MPI, 2017).

Regarding the previous ODA implementation in Laos, there are various factors require to recognize such as the parallel procedures of donors and the government need to harmonize. Delays in star up ODA programs; the consequences of grant aid fail to record with the income of government (national-income expenditure) or the financial systems and procedures of donors did not comply with the financial and budgeting management system of the government. The issues are related to administrative and technical management of programs/projects implementation; insufficient understanding of donors and implementers of programs/projects on relevant instructions/ decrees of the government. The currently, some donors still use their own systems which some issues do not comply with the laws, decrees, and instructions of Lao government (ibid, pp.3-4).

The key issues to estimate for the involvement of the cooperation's four major donors in Lao PDR, which including strategies, policies and implementation. from the interview survey, find out that the contribution of Australia, Germany, and Japan are more crucial than Korea overall, by comparison to the estimated percentage to the ODA policies and implementation of these donors. Among these donors, Australia has estimate percentage of 73 percent. Germany has estimated percentage of 77 percent. Japan has an estimated percentage of 74, and Korea has estimate percentage of 70 percent to using SOP guideline. Thus, three donors Germany has a higher percentage, then Japan and Australia are more than Korea on the implementation SOP guideline. However, these estimate percentages are considered more crucial to contribution. Australia and Germany have more crucial for all steps of SOP implementation on the ODA programs/projects. Japan has more crucial for four steps, therefore. Despite, other two steps for project implementation and completion project.

As the summary this part, the contribution of four major donors through ODA implementation in Lao PDR. These description results are reflected in the result (Table 5.1 and Table 5.2) which indicated about ODA policy of four donors. The results of ODA policy and implementation for four donors are similar to that contribution of Australia, Germany, and Japan is more crucial than Korea. It means that if there is a good policy, it would be reflected good

implementation and then it would be reflected aid effectiveness. In this regarding, some scholars assert that good policies on ODA management in practice would improve and enhance aid effectiveness like McGillvray (2003) argued that, to increase aid effectiveness should expand good policies as the concept of Collier and Dollar (2002) in chapter 2.

5.3 The Trend of Four Major Bilateral Donors ODA in Lao PDR.

Regarding the interview results about the trend of ODA in Lao PDR in next five years. Twenty-two respondents out of fifty-six public officers believe that ODA from four major bilateral donors will increase, because of the official report of the High-Level Round Table Meeting in 2015. The four major donors agreed to continue to support Laos achieve the SDGs in 2030. Meanwhile, the 8th NSEDP (2016-2020), the government of Lao still need to mobilize ODA to support development in Laos. Moreover, the government of Lao and these four donors have good relationship and cooperation. On the other hand, twelve public officers believed that ODA from these donors will decrease because after Laos has graduated from LDC status, some donors will decrease the amount of ODA and face out. Furthermore, nine respondents thought that it will be constant. Even though the Lao government has a strategy to graduate from LDC status in 2020, then ODA is one of the other main factors to contribute to total investment and support development in Laos. These donors will realize and remain supportive.

According to the OECD development cooperation peer review of Australia, Germany, Japan, and Korea. These four donors have committed to increase the percentage of ODA/GNI as the recommendation of OECD and to reach an average country effort of 0.39 percent (OECD, 2015). As the ODA data from CRS, OECD.Stat from 2006-2017, the total ODA and also ODA from these four major donors flowed to Laos, it has been slightly increased year by year, and despite it seems to fluctuate. Thus, the amount of ODA loan is increased year by year, in particular for Korea ODA. In contrast, the amount of ODA grant aid is decreased year by year (as mention in chapter 4).

Hence, as the official report of the High-Level Round Table Meeting (HLRTM) in 2015, it is a conference of Lao government and donors under supporting of the United Nation (UN), 28 donors which included Australia, Germany, Japan, and Korea agreed to continue to supported Lao government to achieve SDGs (DIC, MPI, pp.13-14). By the way, as the results of the Round Table Implementation Meeting (RTIM) in 2017, the Lao government presented “advocates for enhancing partnership to realize LDC graduation and achieve SDGs”. In this regard, government of Lao had a discussion with donors on the national strategies as the NSEDP and situation of developing in order to achieve SDGs in Laos, and also urge them to continue to support this implementing (RTIM, 2017). These issues, could simply that Laos would be supported by these four major donors.

Chapter 6: Conclusion and Recommendation

6.1 Conclusion.

Since the Lao government changed policy development by establishing the New Economic Mechanism (NEM) in 1986. The ODA from bilateral and multilateral has flowed and increased year by year and played an important role in development in Laos. From then on, the government of Lao made a lot of effort to work with donors on ODA effectiveness. As 6th and 7th NSEDP of Lao government which focused more on mobilization and effectiveness of ODA. Thus, there were 25 member countries of DAC who provided assistance more than non-DAC countries' members to Laos from period 2006-2017. The four major bilateral donors such as Australia, Germany, Japan, and Korea were the top 5 major donors who provided more than US\$300 million of ODA amount to Laos from 2006-2017. Despite there was a lot of ODA funds to assist the development in Laos, but some ODA programs/projects could not reach their objectives and were unsustainable. The policy and implementation of the donors were one of the main issues that influence the effectiveness of aid. There are fourteen ministries respond to four major donor ODA. In order to enhance aid effectiveness and sustainable development. These executive agencies should recognize the improve cooperation and characteristic of donors to achieve the national strategies and global targets.

As a performance of four major donors ODA at a global level and in Laos, I can summarize through these points: Firstly, Korea has become a member of the OECD-DAC since 2010. During 1990s, Korea started looking for an aid model. If compare with Australia, Germany, and Japan which had become a member of OECD-DAC since 1961, Korea is quite new a donor. Secondly, from 2006-2017, Germany provides ODA/GNI ratio more than other three donors with 0.36-0.52 percent, followed by Germany and Japan. Korea provided ODA/GNI ratio less than other three donors with 0.05-0.14 percent. Thirdly, Korea provided ODA to Laos as a loan more than a grant. On the other hand, Japan provided a loan less than a grant. However, Australia and Germany provided the only grant to Laos. Four, as the survey of OECD (2012) for Lao

country chapter, Korea met only 4 out of 10 indicators, which less than other three donors. Most of Korea's ODA to Laos is tier aid (share of united aid from Korea 29 percent, Australia 100 percent, Germany 100 percent, and Japan 100 percent). And Fifth, Korea allocated ODA to MDGs (SDGs) in Laos less than other three donors. More than half of Korea's ODA distributed to production, economic infrastructure, and service (Table 6.1).

Table 6.1: Overview of the Characteristic of Four Major Donors ODA.

Types/country	Australia	Germany	Japan	Korea
OECD-DAC Member	1961	1961	1961	2010
ODA/GNI 2006-2017	0.29% – 0.36%	0.36% – 0.69%	0.17% – 0.25%	0.05% – 0.15%
ODA to Laos	Grant	Grant	Grant & Loan	Grant & Loan
Sector allocation in Laos (2006-2017)	-Production, economic infrastructure, and service sectors 36%. -Education 22%. -Health 3%. -Other sectors 39%.	-Production, economic infrastructure, and service sectors 34%. -Education 16%. -Health 1%. -Other sectors 49%.	-Production, economic infrastructure, and service sectors 48%. -Education 11%. -Health 6%. -Other sectors 35%.	- Production, economic infrastructure, and service sectors 57%. - Education 11%. - Health 6%. - Other sectors 26%.
Share of united ODA to Lao PDR	100%	100%	100%	29%
The Survey OECD (2012), Aid effectiveness 2011 Progress in Implementing the Paris Declaration	Meet 5 out of 7 targets of Alignment. Met 1 out of 3 targets of Harmonization	Meet 3 out of 7 targets of Alignment	Meet 1 out of 7 targets of Alignment	Not meet any target.
The survey of OECD 2012 for Lao PDR	Meet 8 out of 10 indicators	Meet 8 out of 10 indicators	Meet 6 out of 10 indicators	Meet 4 out of 10 indicators
ODA Allocation to MDGs in Lao PDR (FY 2013-2014 & 2014-2015)	Provided US\$40.25 million for MDG 1, 2 & 7	Provided US\$45 million for MDG 1, 3, 7 & 8	Provided US\$113.93 million for all MDGs	Provided US\$5.47 million for MDG 2, 4 & 5

Source: DIC, MPI (2016), OECD (2012), OECD-DAC Creditor Reporting System

However, this research attempts to examine the character of four majors' donors, by comparison, their ODA policy and implementation, also examine the trend of ODA from these donors which cover discussion and explanation of variables as economic and institutional issues to present their strategies and ODA policy. Besides that, this research would like to identify a more crucial

ODA policy and implementation of donors that enhance aid effectiveness and promote the SDG in Laos. Regarding the finding of research could be useful for policy-makers and implementing agencies to improve and enhance aid effectiveness sustainable in Laos. As the interview results of the research, it can summarize, as follows

6.1.1 The Condition of the Characteristic of Four Major Bilateral Donors in Lao PDR.

As the interview survey on ODA policy among four major bilateral donors for the contribution of the five principles of the Paris Declaration on aid effectiveness in Laos (Table 5.1), could be summarized that the ODA policy of Australia, Germany, and Japan are more crucial than Korea by comparing the estimate percentage implementation for five principles: Germany is estimate percentage for more crucial 5 out of 5 principles on 82 percent. Australia is an estimated percentage for more crucial 4 out of 5 principles on 76 percent. Japan is an estimated percentage for more crucial 2 out of 5 principles on 75 percent. By the way, the Alignment and Harmonization are the principles that seem to be more important, which Japan that is more crucial. Additionally, it is consistent with the survey of OECD (2012) that three major donors met some targets of five principles of the Paris Declaration on aid effectiveness. In contrast, Korea could not reach any targets, and also on this survey, Korea was estimated percentage lower than for all of 5 principles as well as for overall. According to the global indicators of progress on aid effectiveness (Table 5.2). It is quite similar to the principles of Paris Declaration which Australia, Germany, and Japan have more crucial than Korea. Overall, the result is connected to the OECD survey of Laos in 2007 and 2010. Moreover, Korea made progress only 4 out of 10 indicators that less than other three donors, and it is also consistent to OECD development cooperation peer reviews of these four major donors: Australia (OECD, 2013); Germany (OECD, 2015); Japan (OECD, 2014), and Korea (OECD, 2012). These peer review indicated that the performance of Korea on united aid could not reach the DAC recommendation.

Regarding the interview survey among four major donors (Figure 5.1) about ODA allocation to MDGs (SDGs) in Lao PDR. Korea was estimate

percentage on 66 percent, for overall that is lower than the three donors Australia was estimated at 73 percent; Germany was estimated at 78 percent, and Japan. estimated 75 percent. In this regard, it is mean the contribution of these three donors to the MDGs in Laos has been more crucial than Korea. This consequence is relevant to ODA snapshot for fiscal years 2010–2011 to 2014–2015 for ODA disbursement to support MDGs (into SDGs) in Laos (DIC, MPI, 2016) in Chapter 4. This report presented that the amount of ODA disbursements for fiscal year 2013-2014 and 2014-2015 to MDGs in Laos from Korea was low than Australia, Germany and Japan. As the interview survey on ODA implementation of four major donors through Standard Operate Process (SOP) in Laos. As Australia, Germany, and Japan are more than the implementation this tool, it estimates percentage for most of six steps. Even though, for project completion-extension-adjustment or closure step, Japan was more crucial implemented procedure. In contrast, Korea was not more crucial implementation for all of SOP guidelines. as well as overall. This consequence is relevant to the argument of McGillvray (2003) and Collioer & Dollar (2002) in chapter 2, indicated that to increase aid effectiveness, it should expand good policies. Hence, in summary, to enhance aid effectiveness, it requires quality of performance and good implementation. Logically, a good plan could get a good consequence, as well as a good policy, it should get a good implementation.

6.1.2 The Trend of Four Major Donors' ODA in Lao PDR.

According to the interview, survey identifies that ten public officers argued that ODA from these four major donors will increase in next five years. Because Laos stills need ODA to support the NSEDP to achieve SDGs. In contrast, seven of public officers thought that ODA from these four majors' donor will decrease, because of Laos will graduate from Least Developing Country (LDC) status in 2020. Meanwhile, five public officers believed it will be constant because ODA is important to support development in Laos. Therefore, donors will realize and remain supportive. This result is connected to report of Lao government (DIC, MPI, 2015). About the High-Level Round Table Meeting of Lao government and donors that 28 donors include Australia, Germany, Japan, and Korea commit to continue to support Lao government to

achieve SDGs, and also the RTIM (2017 and 2018) that Lao government presented and urged donors about “advocated for enhanced partnerships to realize LDC graduation and achieve SDGs in 2030”. Furthermore, as the ODA data from CRS, OECD.Stat from 2006–2017 (Figure 4.3), it seems to be increased when compared to the previous times. Overall, it is implied that ODA from these four major donors will increase in the next five years.

6.2 Recommendation.

Based on the finding of this empirical research, ODA has played an important role in the social-economic development in Laos and the trend of ODA from Australia, Germany, Japan, and Korea will be increased. Therefore, government of Lao should put more effort into cooperation and ODA management by recognizing a good policy on ODA which focusing on aid effectiveness, poverty reduction, impacts, and sustainable development in Laos. The research can provide some recommendation and suggestions as follows:

- **Regards to ODA Policy.**

A.) Both of the Lao government and donors should ensure the ODA policy and relate policies in order to meet the requirement of the guideline principles and global targets on ODA effectiveness; B.) The government of Lao should take a lesson learned about ODA policies from donors and developing countries in order to find better cooperation between donors and the government of Lao, and C.) The donors and the government of Lao should cooperate and assessment their own policy and align them into practice.

- **Regards to ODA Implementation and Management.**

The donors and government should define clear steps of implementation ODA programs/projects and ensure the objective and the best result of implementation; revise implementation to see the issues, compare real practice to improve the policy; the donors and government should enhance the transparency and quality data of ODA to the public and also for the monitoring and evaluation (M&E); and the Lao government should manage more clearly on proposal to donors, avoided of duplication or reimplementation in the same files by many donors, as well as, donors should consider allocating fund to many sectors in order to achieve all SDGs in 2030.

6.3 The Direction-finding for the Further Study.

1.) The research question might focus on specific details of ODA policy and implementation by applying more variables to analyze; 2.) The interview survey questions should be clear and make it simple to understand and convenient to answer, in order to obtain more information and realistic; 3.) The reality survey should have more time for interview questions in order to get a better result and more relevant to the interview questions; 4.) For a more reliable result, the researcher might apply to the econometrics model.

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Appendix 1

1. The Based-on Interview Questions.

1.) Which sectors that your ministry/organization locate into your ministry and locate into sector working groups (SWGs)?

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2.) Regarding the Paris Declaration (PD) into Vientiane Declaration Country Action Plan (VDCAP) on the aid effectiveness in Lao PDR. What do you think about ODA policy of Lao government contribute to five principles (e.g. ownership, harmonization, alignment, managing for results, and mutual accountability)?

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3.) Regarding the Busan High-Level Forum on Aid Effectiveness in 2011 (OECD post-2015, element 10 indicators) for better partnerships to achieve the SDGs that emphasized the keys themes Ownerships by developing countries, a focus on results, inclusive, and transparency and accountability. Thus, for measuring aid effectiveness of development cooperation for these donors. What do you think about the 10 global indicators of the progress in Lao PRD?

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4.) According to the Lao government’s strategy (NSEDPP) and SDGs, how do these donors allocate ODA to supported them in Lao PDR from 2006-2015, and 2016–2020?

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5.) According to Standard Operating Procedure (SOP) manual, (MPI, 2009).
By cooperation with the Lao government (Executive and implementation
Agency), What does it to the contribution of these donors to project cycle
step for ODA programs/projects in Lao PDR?

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6.) What do you think about the trend of ODA from donors (e.g. Australia,
Germany, Japan, and Korea) in Lao PDR in the next five years?

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7.) The four major donors ODA, have the implementation of ODA
programs/projects were overlapped in your sector?

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8.) Do you have any suggestions or comments on donor policy and Lao
government policy to improve cooperation and implementation of ODA?

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2. Profile of Interviews:

In this interview guideline, there are four keys officials in fourteen ministries
in Lao PDR, who are involved in the “four major bilateral donors ODA such
as Australia, Germany, Japan, and Korea” in Laos. The lists of interviews
are followed:

TENTATIVE OF INTERVIEW.

Date and Time	Ministries/Departments	Interview Meeting
05 Aug 19 (Mon) 08:15–09:15 am	Ministry of Planning and Investment (Dept. International Cooperation & Dept. of Planning)	To whom in charge on bilateral cooperation <i>(i.e. DDG, Head/Deputy Head Division, and Technical Officer working with Australia, Germany, Japan & Korea).</i>
05 Aug 19 (Mon) 09:15–09:45 am	Ministry of Agriculture and Forestry (Dept. Planning and Finance)	
06 Aug 19 (Tue) 08:30–09:15 am	Ministry of Industry and Commerce (Dept of Planning and Cooperation)	
06 Aug 19 (Tue) 09:30–10:00 am	Ministry of Public Works and Transportation (Dept. of Planning and Cooperation)	
06 Aug 19 (Tue) 13:30–14:30 pm	Ministry of Education and Sports (Dept. of International Cooperation/Dept. Planning)	
07 Aug 19 (Wed) 13:30–14:30 pm	Ministry of Health (Dept. of Planning and International Cooperation)	
07 Aug 19 (Wed) 15:30–16:30 pm	Ministry of Home Affairs (Dept. Planning and International Cooperation)	
09 Aug 19 (Fri) 09:00–10:00 am	Ministry of Justice (Dept. Planning and International Cooperation)	
09 Aug 19 (Fri) 14:00–15:00 pm	Ministry of Labour and Social Welfare (Dept. Planning and Cooperation)	
12 Aug 19 (Mon) 10:00–11:00 am	Ministry of Public Security (Dept. Planning and Cooperation)	
12 Aug 19 (Mon) 14:00–15:00 pm	Ministry of Natural Resource and Environment (Dept. of Planning and Cooperation)	
13 Aug 19 (Tue) 10:00–11:00 am	Ministry of Finance (Dept. of External Finance and Debt Management)	
13 Aug 19 (Tue) 13:30–14:30 pm	Ministry of Foreign Affair (Dept. of Asia-pacific-Africa & Dept of European)	
14 Aug 19 (Wed) 10:00–11:30 am	Ministry of Energy and Mines (Dept. of Planning and Cooperation)	

Appendix 2

1. The Country Action Plan for the implementation of the Vientiane Declaration on Partnership for Effective Development Cooperation (2016-2025), as follows:

Principles	Action Areas	Key Indicators	Indicative baseline & targets		Data Source	Responsible parties
			2015 Baseline	Target		
<p>I. Ownership & Alignment</p> <p>II. Alignment</p>	<p>1. Greater aligning and tailoring development finance to the national development agenda and context through results-based planning practices</p>	<p>(a) Extent of adaptation of results based planning practices by line ministries and provinces</p> <p>(b) Extent of alignment and use of country results framework by providers of development cooperation</p>	<p>Result based planning applied by MPI for the 8th NSEDP</p> <ul style="list-style-type: none"> ● 95% alignment in objectives ● 63% alignment in results ● 56% use of national M&E systems ● 60% planned final evaluation with government contribution 	<p>By 2020, evaluation of the application of the result based practices through a review of the 8th NSEDP implementation.</p> <p>By 2025, adoption of results based planning practices by all line ministries & provinces and villages including Sector Working Groups (SWG_s)</p> <p>100% in all four dimensions by 2025</p> <p>Note Global target – all providers of development cooperation use country results frameworks</p>	<p>VDCAP review and global survey reports</p>	<p>DIC/MPI, DOP/MPI, line ministries, and provinces in consultation with UNDP, UNRC, 10 SWGs and other related partners</p>
	<p>2. Strengthening linkages between national budget and national planning processes</p>	<p>Effective and practical application of Medium-Term Expenditure Framework (MTEF) for the achievement of 8th NSEDP including SDG_s</p>	<p>MTEF is being developed</p>	<p>MTEF available by 2018</p> <p>MTEF application (2019-2020)</p> <p>Review and adjustment of MTEF (2020)</p>	<p>MOF report on Public Financial Management Programme</p>	<p>MOF in consultation with WE, ADB and Macroeconomic Working Group and other related partners</p>

Principles	Action Areas	Key Indicators	Indicative baseline & targets		Data Source	Responsible parties
			2015 Baseline	Target		
	3. Ensuring ODA and Other Official Flows are on budgets which are endorsed by the National Assembly	% of ODA and Other Official Flows scheduled for disbursement are recorded in the annual budgets approved and endorsed by the national and provincial Assembly	19% (ODA only)	Not less than 59.5% by 2025 (Year on Year % increase by 4.05%) Note: Global target – Halve the gap The gap for Laos is 81%. Therefore, target for Laos is = 19% + 81%/2 = 59.5%	MOF report on Public Financial Management Programme MPI report on 8 th NSEDP to the NA	MOF & DIC/MPI in consultation with line ministries, WB, ADB, Macroeconomic Working Group and other related partners
	4. Within the national regulatory framework, strengthening country systems which are used by providers of development cooperation to extent possible: budget execution, financial reporting, audit and Procurement	Percentage of development cooperation using the country Public Financial Management and procurement systems building on regular assessments of the systems within the national regulatory framework.	22% (Overall) 27% (Budget) 22% (Finance) 19% (Auditing) 21% (Procurement)	Not less than 48% Note Global target – reduce the gap by one-third where CPLA score between 3.5 and 4.5	MOF report on Public Financial Management Programme Global survey on partnership for effective development cooperation	MOF in consultation with line ministries including 10 SWGs, WB, ADB, and other related partners
III. Harmonisation & Simplification	5. Adopting Programme-Based Approaches (PBAs) and Sector Wide Approaches (SWAp) to support the implementation of the NSEDPs including SDGs	Extend of adoption of PBAs and SWAp in key development sectors as per NSEDP framework including SDGs: Education, Health, Agriculture, UXO, and others as appropriate	No fully effective application of PBAs/SWAp in place	National PBAs and SWAp guidelines adopted by 2018 By 2019, TBA By 2022, TBA By 2025, TBA	VDCAP and global survey reports	DIC/MPI in consultation line ministries including 10 SWGs with UNDP, UNRC, EU, and other related partners

Principles	Action Areas	Key Indicators	Indicative baseline & targets		Data Source	Responsible parties
			2015 Baseline	Target		
	6. Under Government leadership, providers of development cooperation coordinate their strategies and actions, simplify procedures vis-à-vis the Government and enhance collaboration to avoid duplication.	Joint programming of providers of development cooperation	Some joint programming activities existed e.g. within EU member states, and UN agencies	Great use of joint programming within PBAs/SWAP	VDCAP monitoring and global survey reports	DIC/MPI in consultation with UNDP, UNRC, EU, 10 SWGs and other related partners
IV. Inclusive Partnership for Development Results	7. Enhancing capacities of the National Assembly (NA) including the newly established Provincial People's Assembly (PPA) to approve and monitor national development plans and budget for greater development results	NA and PPA exercise more effectively oversight functions over development policies / strategies, regulations and budgets at national and provincial levels	Capacity development plan for NA and PPA is being developed	By 2018, finalisation of capacity development plan By 2019 - 2021, operationalization of the capacity development plan By 2022, capacity assessment of NA and PPA	Annual report by NA and PPA on their activities	NA and PPA in consultation MPI and MOF, Governance SWG and related partners
	8. Advancement of the Round Table Process - moving towards greater partnership for effective development cooperation	Greater partnership for effective development cooperation with clear outcome indicators	Fair participation of various stakeholders in the Round Table Process which focuses on broad development agenda	From 2017-2020, transition toward effective partnership cooperation process From 2021-2025, greater participation of various stakeholders in the effective partnership cooperation process focusing on specific / thematic development issues.	Review and assessment of the Round Table Process Reports of Round Table Meetings and Round Table Implementation as meetings	DIC/MPI in consultation with UNDP, UN RC, all 10 SWGs and other related partners

Principles	Action Areas	Key Indicators	Indicative baseline & targets		Data Source	Responsible parties
			2015 Baseline	Target		
	<p>9. Reviewing legal and regulatory frameworks for NPAs and INGOs as necessary and improving engagement of NPAs and INGOs in national and provincial development planning and coordination, including the implementation and reporting of development results in accordance to the national legal and regulatory framework</p>	<p>(a) Improved legal and regulatory frameworks for NPAs and INGOs and enhanced engagement of NPAs and INGOs in the formulation, consultation and implementation of national development policies and programmes</p> <p>(b) Extent to which development effectiveness principles implemented by NPAs and INGOs</p>	<p>Legal and regulatory environment exist</p> <p>Moderate engagement</p> <p>There is a guideline to facilitate an application of the principles by NPAs and INGOs</p>	<p>Over time, increased in effectiveness of enforcement/implementation of improved legal and regulatory environment that enable effective registration and operation of different INGOs and NPAs</p> <p>Systematic process and publically available information on the involvement in development of both INGOs and NPAs</p> <p>All INGOs and NPAs are adhered to development effectiveness principles</p>	<p>Reports by MOFA and MOHA</p> <p>VDCAP and global survey reports</p>	<p>MOFA, MOHA in consultations with line ministries, Governance SWG INGOs, NPAs, and other related partners</p>
<p>V. Transparency, Predictability, and Mutual Accountability</p>	<p>10. Ensuring a more predictable and accountable national budget that becomes the principle tool of effective development cooperation</p>	<p>More predictable and accountable national budget produced and annual report of budget execution systematic issued, including increasing amounts of ODA and Other Official Flows on budget'</p>	<p>There is a process in place which needs further improvements</p>	<p>By 2019, systematic release of the national budget and availability for public use</p>	<p>MOF report on public financial management programme</p>	<p>MOF in consultation with line ministries, WB, ADB, Macroeconomic Working Group and other related partners</p>

Principles	Action Areas	Key Indicators	Indicative baseline & targets		Data Source	Responsible parties
			2015 Baseline	Target		
	11. Ensuring availability and public accessibility of information on development cooperation and other development resources (commitments, actual disbursements and results)	On line availability of reports on development cooperation and other development resources (commitments, actual disbursements and results) via functionality of a national ODA database	National ODA database not operationalized Quality inputs for Aid Management Platform (AMP) are not timely entered	By 2018, national ODA database established based on AMP experience By 2019, systematic process in place for high quality of data on development cooperation From 2020 onwards, public availability of high quality relevant information on development cooperation	Foreign Aid Report and a report on overall development cooperation	MPI in consultation with line ministries including 10 SWGs and UN/UNDP and other relevant DPs as appropriate
VI. Domestic Resource Mobilization	12. To the extent possible, ensuring adequate mobilization of government revenues which is required for leveraging development cooperation funds for investments in various development activities	To the extent possible, percentage of government contribution to development activities funded by providers of development cooperation	Mostly in hand	By 2025, to the extent possible, a mechanism is in place to quantify government contribution (percentage) for development activities funded by providers of development cooperation	MPI report to the NA	DIC/MPI in consultation with line ministries including SWGs and other related partners
VII. South-South Cooperation, Triangular Cooperation, and Knowledge Sharing	13. Improving understanding on the nature and modalities of south-south cooperation partners and their significant participation in development cooperation management through a clear coordination and reporting mechanism	Extent of engagement of south-south partners in national development policy and programme consultations, including extent of support for implementation through a clear coordination and reporting mechanism	Engagement level of south-south partners including ASEAN and regional partners has been modest but growing	Over time, the profile of the development partnership with south-south partners has clear coordination and reporting mechanism	VDCAP and global survey reports	DIC/MPI and MOIC in consultations with line ministries including 10 SWGs, INCC and International Chamber of Commerce and related partners

Principles	Action Areas	Key Indicators	Indicative baseline & targets		Data Source	Responsible parties
			2015 Baseline	Target		
VIII. Business as a Partner in Development	1.4 Improving engagement of private sector in national and provincial development planning and coordination, including the implementation, reporting and oversight of development results and outcomes through a proper analytical framework/mechanism.	Extent of coordinated engagement of private sector in national and provincial development policy processes through a proper analytical framework/mechanism (linkage between RTP and Trade & Private Sector Working and Lao Business Forum)	Participation and engagement of private sector has been at moderate level with an effort to link RTP & Trade and Private Sector Working with Lao Business Forum)	Strong mechanisms and coordination process reflecting a effective partnership with private sector (Strong linkage between RTP and Trade & Private Sector Working and Lao Business Forum)	VDCAP and global survey reports on partnership for effective development cooperation	MOIC and MPI in consultations with line ministries including 10 SWGs and related partners

Abstract in Korean

라오스 인민민주주의 공화국 ODA 효과성.

ODA 공여국이 라오스 사회경제발전에 미치는
영향 사례를 중심으로

Visone Oudomsouk

서울대학교 행정대학원

글로벌행정전공

1986년 라오스 정부가 신경제 메커니즘(NEM)을 실시하여 정책을 변경한 이후, 라오스는 보다 많은 양자 및 다자간 원조를 받아들였으며, ODA는 라오스에서 사회-경제 발전에 중요한 역할을 해왔다. 따라서, ODA 정책과 공여국 집행의 차이는 라오스의 원조 효과성과 지속 가능한 발전에 영향을 주는 주요 이슈 중 하나였다. 그러나 이 연구는 4대 주요 양자간 원조국의 특징을 조사하는데 초점을 맞추고 있다; 호주, 독일, 일본, 한국의 주요 ODA 정책을 살펴보고 향후 5년간의 원조 추세를 예측하고자 한다.

본 연구는 저서, 저널, 보고서 등에서 분석된 2차 데이터와 4개 공여국으로부터 ODA를 받아온 부처/기관의 1차 데이터를 분석한다. 1차 데이터(인터뷰 조사 방법)는 원조를 받은 경험이 있는 라오스 행정부 14개 부처 소속의 정부관료 42명(각 부처는 3명)을 인터뷰한 데이터이다. 인터뷰 결과 공무원 22명(52%)가 응답하였고 호주 독일 일본의 ODA 정책과 집행이 한국보다 더 중요하다는 결과가 나왔다. ODA 정책의 경우, (1) 원조 효과성에 관한 5가지 원칙을 적용함으로써, 공여국에 대한 중요도를 분류할 수 있다. 각 국가의 기여율을 확인해본 결과 호주는 76%, 독일은 82%, 일본은 75%, 한국은 69%로 한국이 다른 공여국 보

다 낮았다. (2) 원조 효과성에 관한 세계 지표를 적용해본 결과 호주는 10개 지표 중 5개, 독일은 9개, 일본은 4개를 충족했고, 한국은 1개 지표만을 충족했다. ODA 집행의 경우, (3) MDG(SDG)에 대한 지원금 배정을 적용해본 결과 호주는 73%, 독일은 78%, 일본은 75%, 한국은 66%로 다른 국가보다 적은 비율을 배정하였으며, (4) 6단계로 구성된 국가표준운영절차(SOP)를 적용해본 결과 한국은 70%로 호주 73%, 독일 77%, 일본 74%에 비해 낮았다. (5) 향후 5년간 4개 공여국들의 ODA 추세에 대한 응답 중 응답자의 50%가 ODA 금액이 증가할 것으로 예상했다. 따라서, 라오스 정부는 라오스의 원조 효과와 지속 가능한 발전을 위해 공여국들과의 협력과 ODA 관리에 더 많은 관심을 기울여야 한다.

주제어: 원조 효과성; 공여국 특징; 원조 역할; 공여국 정책의 영향; 지속가능개발

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**The Effectiveness of Official Development
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Academic Advisor Ko, Kilkon

Submitting a master's thesis of Public Administration

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Abstract

The Effectiveness of Official Development Assistance (ODA) in Lao PDR.

A Case Study the Impact of Donors ODA on Social-Economic Development in Lao PDR.

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Since the Lao government has changed policy development by implementing the New Economic Mechanism (NEM) since 1986. Lao PDR has accepted more Official Development Assistance (ODA) from the bilateral and multilateral donors and ODA has played an important role in socio-economic development in Laos. Thus, the different of ODA policy and implementation of donors are one of main issue influence to aid effectiveness and sustainable development in Laos. However, this research focus to examine characteristic of four major bilateral donors: Australia, Germany, Japan, and Korea, by their ODA policy and implementation, which cover discussion and explanation of various variable as economic and institutional issues to present their strategies and foreign aid policy, and also look on the trend of ODA from these four donors in Lao PDR in the future (next five year).

This research examines secondary data from many sources such as books, journals, and reports; and the primary data as a survey at ministries that have used to receive ODA from these four donors. The primary data was applied to the interview questions that distributed to ministries with consist of forty-two public officers (each ministry has three people) to executive agencies of ODA for fourteen ministries in Laos. As a result of the interview, twenty-two public officers or counted fifty-two percent were respondents, which indicated that the ODA policy and implementation of Australia, Germany, and Japan are more

crucial than Korea. For ODA policy, (1) by applying on *five principles* on aid effectiveness, there are three donors more crucial such as Australia was contribution 76 percent; Germany was contribution 82 percent; Japan was contribution 75 percent; and Korea was contribution 69 percent, which lower than among four donors; (2) by applying to the *global indicators* of progress on aid effectiveness, Australia more crucial was met 5 out of 10 indicators; Germany was met 9 out of 10 indicators; Japan was met 4 out of 10 indicators; and Korea was met 1 out of 10 indicators less than among four donors. For ODA implementation, (3) by applying to *aid allocation to MDGs (SDGs)*, Australia was provided 73 percent; Germany was provided 78 percent; Japan was provided 75 percent; and Korea was provided 66 percent less than among four donors; and also, (4) by applying to *the National Standard Operating Procedure (SOP)* which consist six steps. Korea was used on 70 percent which is also lower than among Australia was 73 percent; Germany was 77 percent, and Japan was on 74 percent. (5) For *the trend of ODA* from these four donors in next five-year, fifty percent of respondents believe the ODA amount will increase. Thus, the government of Lao has to pay more attention to cooperation and ODA management in order to enhance aid effectiveness and sustainable development in Lao PDR.

Keywords: Aid effectiveness; Characteristics of donors; Role of ODA; Impact of donors' policy; and Sustainable Development.

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Abbreviations

ADB:	Asian Development Bank
AusAID:	Australia's Aid Program
CAP:	Country Action Plan
CPIA:	Country and Policy and Institutional Assessment
CRS:	Creditor Reporting System
DAC:	Development Assistance Committee
DIC:	Department of International Cooperation
DPs:	Development Partners
FAIR:	Foreign Aid International Report
FDI:	Foreign Direct Investment
GDP:	Gross Domestic Product
GNI:	Gross National Income
GMS:	Great Mekong Sub-region
IFIs:	International Financial Institutions
IMF:	International Monetary Fund
Lao PDR:	Lao People's Democratic Republic
LDC:	Least Development Country
MDGs:	Millennium Development Goals
MOFA:	Ministry of Foreign Affairs
MPI:	Ministry of Planning and Investment
NEM:	New Economic Mechanism
NGO:	Non-Government Organization
NSEDP:	National Socio-Economic Development Plan
ODA:	Official Development Assistance
OECD:	Organization for Economic Co-operation and Development
OECF:	Overseas Economic Cooperation Fund
PD:	Paris Declaration
PFM:	Public Financial Management
SDGs:	Sustainable Development Goals
UNDP:	United Nation Development Program
USAID:	United State Agency for International Development
USSR:	Union of Soviet Socialist Republic
VDCAP:	Vientiane Declaration Country Action Plan

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Chapter 1: Introduction

1.1 Background of the Study.

ODA in Lao PDR started by USAID intervention before 1975. After the revolution in 1975, ODA was followed by assistance from Russia and the eastern bloc. Later, in 1986 when the situation in the world changed, the government of Lao changed the development policy by establishing the New Economic Mechanism (NEM). Therefore, the country began accepting ODA from other countries as bilateral and multilateral aid (McCarty, A & Julian, A, 2009). Since the implementation of a market-oriented economy in 1986, ODA has been increased every year. The donor's intent, especially countries such as Japan, France, and Sweden have helped Laos in its efforts for sustainable development, particularly through rural development and infrastructure such as bridges, roads, airport, and electricity. The Asian Development Bank (ADB) also encouraged and promoted regional cooperation by the first move like as Great Mekong Sub-region (GMS) and East-West corridor concepts. The United Nations Development Programs (UNDP) and ADB supplied technical assistance to the government of Lao with systematizing the appropriate legal system to attract foreign investment, as Laos has many natural resources such as hydropower, mineral and forestry resources. Thus, Lao PDR recognizes to lack of skilled manpower administrative personnel shorted of training and experience which necessary to achieve efficiency in managing ODA grants and soft loans (Phraxayavong, 2009).

In currently, the Lao government is focusing on ensuring the success of the implementation of the Eighth National Socio-Economic Development Plan (8th NSEDP 2016-2020), to ensure that Laos will achieve Sustainable Development Goals (SDGs). This plan also plays an important milestone for accelerating Laos to graduate from Least Developed Country (LDC) status by 2020. In order to achieve the mentioned ultimate goals and objectives, as indicated in the 7th NSEDP (2011-2015). The government of Laos was made the effort to sustain a high rate of economic growth in the range of about 7.5-8 percent per year, as well as reduce poverty rate lower than 7 percent of the total

household by 2020 (MPI, 2011). In this regard, ODA is one of the key factors of success of the 7th and 8th NSEDP and supports the social economic development in Laos. The government of Lao has made diplomacy contact with countries and international organizations around the world through special cooperation with more than 30 countries and many development organizations in both bilateral and multilateral forms (MPI, 2010). As an overview of 7th NSEDP, Laos demanded to mobilize ODA about US\$3.369 million, and up to recently, ODA has been implemented to more than US\$3.076 million or about 91.05 percent of the plan (MPI, 2016).

1.2 Problem Statement.

Developing countries face low-income levels, growing unemployment, widening current account deficits, high inflation, and high poverty levels. These nations lack sufficient financial resources to solve these economic problems effectively and therefore; they depend on ODA to supplement their domestic resources. The primary objective of ODA is the promotion of economic and social welfare.

Laos has experienced achievable structural adjustment, macro-economic stabilization achievement and an increasing in export volume. However, the aspect of sustainable development is frightening if lacking in serious ability in human resources, administration, financial management, and infrastructure. According to this development problem, the ODA issue is qualitative but not quantitative. Donors' consideration and responsive to restricted absorptive ability in Laos, it was a deficiency of their ODA project and procedure. Additionally, only a few donors paid attention to capacity building in a consistent manner. Donors should increase their responsibility by considering the limited capacity of the recipient country in their ODA program, and they should also treat the capacity building in a coherent way and with a fundamental goal (Hatashima, H, 1994).

According to the summary progress on the Paris Declaration (PD), which is improvement by both the government of Lao and donors. Laos has met only some targets in 2010 (OECD, 2012). But over the past years, several of ODA projects have been completed with positive outcomes. Nevertheless, some

programs/projects could not reach their objectives and were unsustainable, which is also known as the “Sun-Set Project.” The re-execution of ODA programs/ projects is one of the main causes of slowing down the development of the country, where more financial and technical support will have to be requested from donors. However, in order to enhance aid effectiveness and sustainable development, it needs to improve ODA management by look through policy and implementation of donors which is the main issue that the government of Lao should pay more attention to cooperation and mobilization.

1.3 Objective of the Study.

ODA is a crucial contribution to the economic growth in Lao PDR. The government of Lao has made greats efforts to mobilize and enhance aid effectiveness to assist GDP growth and to reach the SDGs. In this regard, the donors who have good policy and great support on ODA would be influenced by development issues in Laos. Therefore, this study aims to analyze ODA policy and implementation for four major donors: Australia, Germany, Japan, and Korea and their characteristics, which cover discussion and explanation of various variables on socio-economic growth and institutional issues to present their strategies and foreign aid policy, also identify a more crucial ODA policy and implementation which enhance aid effectiveness and promote the SDGs in Lao PDR.

1.4 Research Question.

1. What does a major donor country have a more crucial policy and implementation of ODA to enhance aid effectiveness and promote sustainable development in Lao PDR?
2. What is a characteristic for Australian, German, Japanese, and Korean ODA?

1.5 Significance of the Study.

This study can be valuable for policy-makers of ODA, donor and recipient countries to improve ODA implementation. The study will be providing useful information for policy-makers to formulating an appropriate ODA policy. However, the findings will be useful to enhance transparency in

ODA management, aid effectiveness efficiency, and also to contribute to the future of academic research related to foreign aid policy. Additionally, this study will discuss the keys factors that can accelerate socio-economic development and assist Laos to graduate from Least Development Countries (LDC) status and achieve the Sustainable Development Goals (SDGs) by 2030.

1.6 Scope and Limitation of Study.

The study focuses on executive agencies of the Lao government responsible for ODA bilateral donors, namely Australia, Germany, Japan, and Korea. These agencies are mainly ministries that used to or have received and implement ODA from these four major bilateral donors in Laos. Therefore, there may be some difficulty in terms of their time-limitation and cooperation of respondents. In some cases, there is more than one department in charge of ODA from these donors in one ministry. Additionally, there are few studies conducted about ODA in Lao PDR that can support this study.

Chapter 2: Literature Review

2.1 Theoretical Background.

2.1.1 Definition of Official Development Assistant (ODA).

ODA is a form of grants and concessional loans from the donor's government of the multilateral agency to a recipient country. The Organization Economic for Co-operation Development (OECD, 2009, p.48) defined ODA as "assistance to countries and territories on the Development Assistance Committee (DAC) list of ODA recipients and to multilateral development institutions which are: 1) Provide by official agencies, including state and local government, or by their executive agencies. 2) Each dealing of which: is administered with the objective of promoting economic development and welfare in developing countries, and which: is concessional and has a grant element of at least 25 percent (concluded at a discount rate of 10 percent)." As the Bilateral assistance is deal of a donor government to a recipient country. They also consist of deal between international or national non-governmental organizations active in the development, and other interior development associated transactions like the interest subsidies, consuming of the development's promotion consciousness, administrative costs and debt reorganization. Multilateral assistance is contribution funds by multilateral agencies, as well as particularly the United Nations (UN) system. The contribution can be membership enrollment or alternative contribution (OECD, 2009). As Führer (1994, p.25) argument that ODA includes flows to multilateral institutions and developing countries, which supporting official agencies including state and local governments or executive agencies (Führer, 1994). Trumbull & Wall (1994, p.876) explained that ODA is aid from entire sources which consist of grants and concessional loans in a term of bilateral and multilateral sources to promote a humanitarian, poverty reduction, and economic growth. For multilateral sources, grants and concessional loans and also technical assistance like the UN system, the World Bank (WB), the International Monetary Fund (IMF) and members of the OECD as bilateral sources (Trumbull, W.N & Wall, H.J, 1994).

Regarding Riddell (2007, p.18-19) explained that the most significant work undertaken to originate a set of function definitions for what establishes foreign aid, what include and what does not count as aid? These have been led by the DAC-OECD. The DAC's work on defining aid and never set out to define aid in general nor even all of the development aid. After that, it sought only to define part of the entire aid provided by a donor to a recipient country. Therefore, it named ODA, since then a term has stuck with us. Nevertheless, it spent time almost a decade after setting up by the DAC for donors to approve on the definition of what they were doing to provide aid. For the main definition of ODA, it was agreed by the DAC in 1969 and after that, it was refined in 1972 (Riddell, R.C, 2007).

ODA is one type of foreign aid, regarding the scholars, argued as Riddell (2014, p.1), explained about the “foreign aid is provided by three main types of donors: OECD country government; non-governmental organizations; and private organizations foundations” (Riddell, R.C, 2014). Lumsdaine (1993, p.33) indicates some facts of aid or foreign aid or ODA signify as gifts and concessional loans of economic resources such as employment, technology, and finance for economic purpose through developing countries by governments of developed countries (Lumsdaine, 1993). Roberts (2007, p.399) explained about the definitions of foreign aid as commodities, financial flows and technical assistance that are: 1.) Plan to promote development economic and welfare as the main objective, and 2.) Provide either subsidized grants or loans (Roberts, T. el at, 2007). As Lancaster (2007, pp.9-10) points out that ODA is a tricky concept. It sometimes looks like a policy, but it is not. It is a utensil of policy. It sometimes considers as expenditures of military and trade or it is used to surround by countries' public transfer. In fact, the customary definition of aid is voluntary of public transfer from a country to another country, to NGO or an international organization (i.e. IMF, WB, etc.) with a minimum of 25 percent grant element (Lancaster, C, 2007). Hence, this definition is quite similar to DAC-OECD's definitions that define ODA as two substantial distinctions. Firstly, ODA only connects to the transfer of low-income countries. Secondly, concern to the phrase “to better the human condition”. But it consists of different activities within development concept

especially humanitarian relief, assisting the progress of social and economic, democratic promotion, addressing global issues, and managing post-conflict transformation.

What is the correct meaning of foreign aid? the foreign aid consists of technical and financial support. The financial aid can be grant and concessional loan which transferred from donors to recipient countries. This definition still leaves many important questions that cannot be answered yet. This is not mentioned of who are particular donors and recipients, why it is an act of voluntary that base on some conditions and compulsion. The donor does not mean to be rich, neither recipient is poor. Providing aid could assist the donor and recipient also, and the term of impact could be positive or negative. This general view of foreign aid could address humanitarian, development, and poverty reduction in developing countries. Nevertheless, political and diplomatic interests could be also component resources to assist the achievement of military purposes. The concerning of world poverty is form of developed to developing countries and poor people that can identify development and poverty reduction. Foreign aid could be mean “development aid and development assistance”. Theoretically, there are many possible options. Unlikeliness, the approaches of standard to define development aid have to point out to the objective of aid given which part of foreign aid contributes to welfare and development in developing countries. Thus, this is based on the purpose of giving aid. The definition of development aid has been driven by donors, mostly based on an agreement of the leading donors’ countries more over 30 years ago, the donors who can make a decision how much to give and be given and also how development aid should identify (Riddell, R.C, 2007).

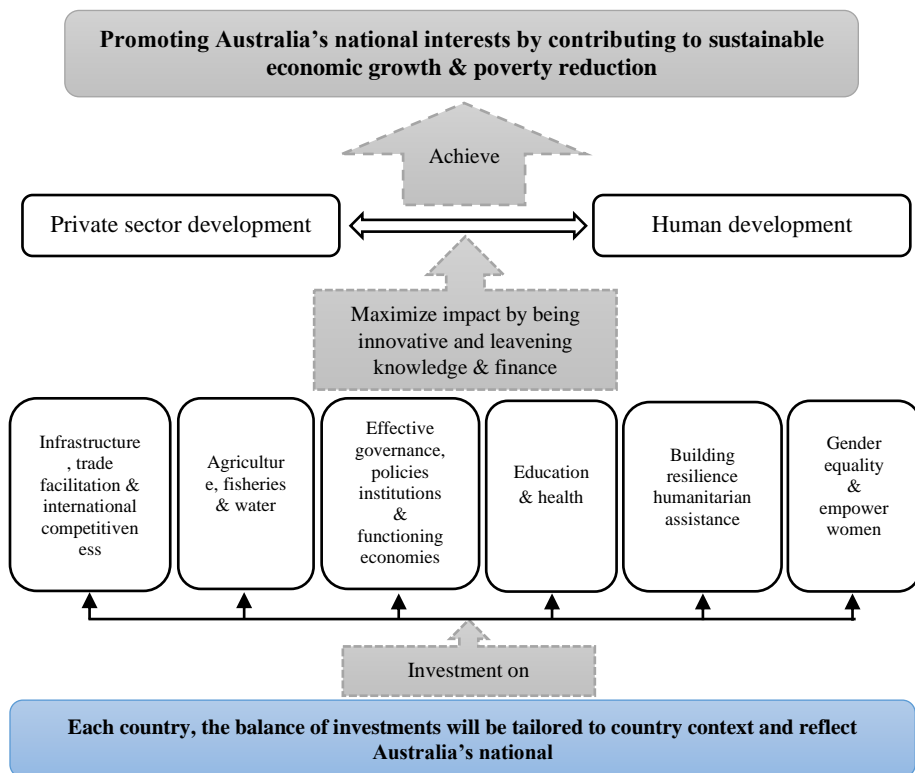
2.1.2 ODA Policy Instrument of Four Major Bilateral Donors: Australia; Germany; Japan and Korea.

Regarding the ODA policy instrument of four major donors, which is the different policy development cooperation framework (in term four/five years for each country) with partner countries for implementation, as follows:

Australia ODA policy: is to promote Australia’s national interests by contributing to sustainable economic growth and poverty reduction. AusAID

(2014) pointed out that strengthening the effectiveness and the accountability of Australia’s ODA will conduct a link between aid funding decisions and performance, ensuring focusing on “value for money” and results. At the level of the country program, the benchmark of performance will present a shaper basis for the estimation of program performance. More focusing on the results will require monitoring improvement of aid investment. Weekly performing aid investment is required closer attention to new management. A performance framework will conduct to all levels of the aid program and reshape the aid program and reshape the aid program on the right track reaches the goals (Figure 2.1).

Figure 2.1: The Strategic for Australian ODA Program.



Source: AusAID (2014) Australian aid: promoting prosperity, reducing poverty & enhancing stability

Germany ODA Policy: indicated that has set an overarching, value-motivated policy for development cooperation, which searches for advance sustainable development as a local and global issue. In 2013, the Coalition Treaty Shaping Germany’s future has been conducting the development

cooperation policy of Germany. The charter for the future constructs on the treaty to present an inclusive vision for the development policy of Germany. The Charter for the future constructs on the treaty to present an inclusive vision for development policy of Germany (Table 2.1). According to eight priority areas such as 1.) Ensure a life of dignity for all everywhere; 2.) Protect natural resources and manage them sustainably; 3.) Combine economic growth, sustainability, and decent work; 4.) promote and ensure human rights and good governance; 5.) Build peace and strengthen human security; 6.) Respect and protect cultural and religious diversity; 7.) Drive transformational change through innovation, technology, and digitalization; and 8.) Forge a new global partnership and develop multi-stakeholder partnerships for sustainable development (OECD, 2015).

Table 2.1: The Strategic for Germany’s Development Cooperation.

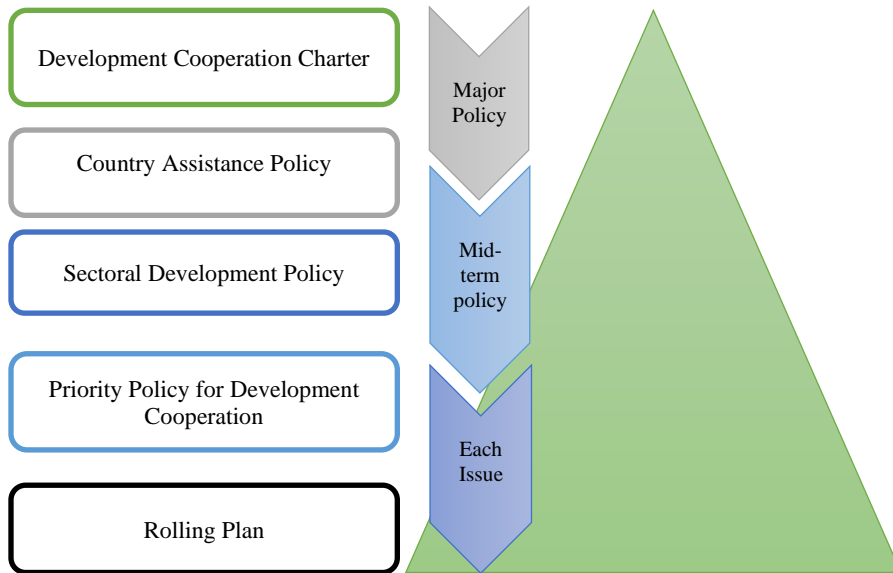
Objective of the Coalition Treaty	The Charter for Future on Priorities Areas
<ol style="list-style-type: none"> 1. Defeat hunger and poverty. 2. Strengthen democracy and the rule of law. 3. Advocate for peace, freedom, and security. 4. Advocate respect for and observance of human rights. 5. Protect the environment 6. Encourage a socially and ecologically. Oriented market economy. 7. Promote good governance, and strengthen participation by civil society. 	<ol style="list-style-type: none"> 1.Ensure a life of dignity for all everywhere. 2.Promote natural resources and manage them sustainably. 3.Combine economic growth, sustainability and decent work. 4.Promote and ensure human rights and good governance. 5.Build peace and strengthen human security. 6.Respect and protect cultural and religious diversity. 7.Drive transformational change through innovation, technology and digitalization. 8.Forge a new global partnership and develop multi-stakeholder partnerships for sustainable development.
<p>Three special initiatives</p> <ol style="list-style-type: none"> 1. One world – no hunger; 2. Fighting the root causes of displacement, reintegrating refugees; 3. Stability and development in the Middle East and North Africa region. 	

Source: OECD (2015, p35) OECD Development Cooperation Peer Reviews of Germany.

Japan ODA Policy: As MOFA (2016) indicated that Japan established the principles and policies, etc., under the Development Cooperation Charter in order to define functions of the philosophy which include proposing and basic policies of Japan’s Development Cooperation, and priority issues which were “quality growth”; “sharing universal value and realizing a peaceful and secure society”; and “Building a sustainable and resilient international community

through efforts to address global challenges”. The following policies which are promoted under the development cooperation charter consist of country assistance policy, sectoral development policy, priority policies of development cooperation and rolling plan (Figure 2.2.)

Figure 2.2: The Strategic for Japan’s Development Cooperation.

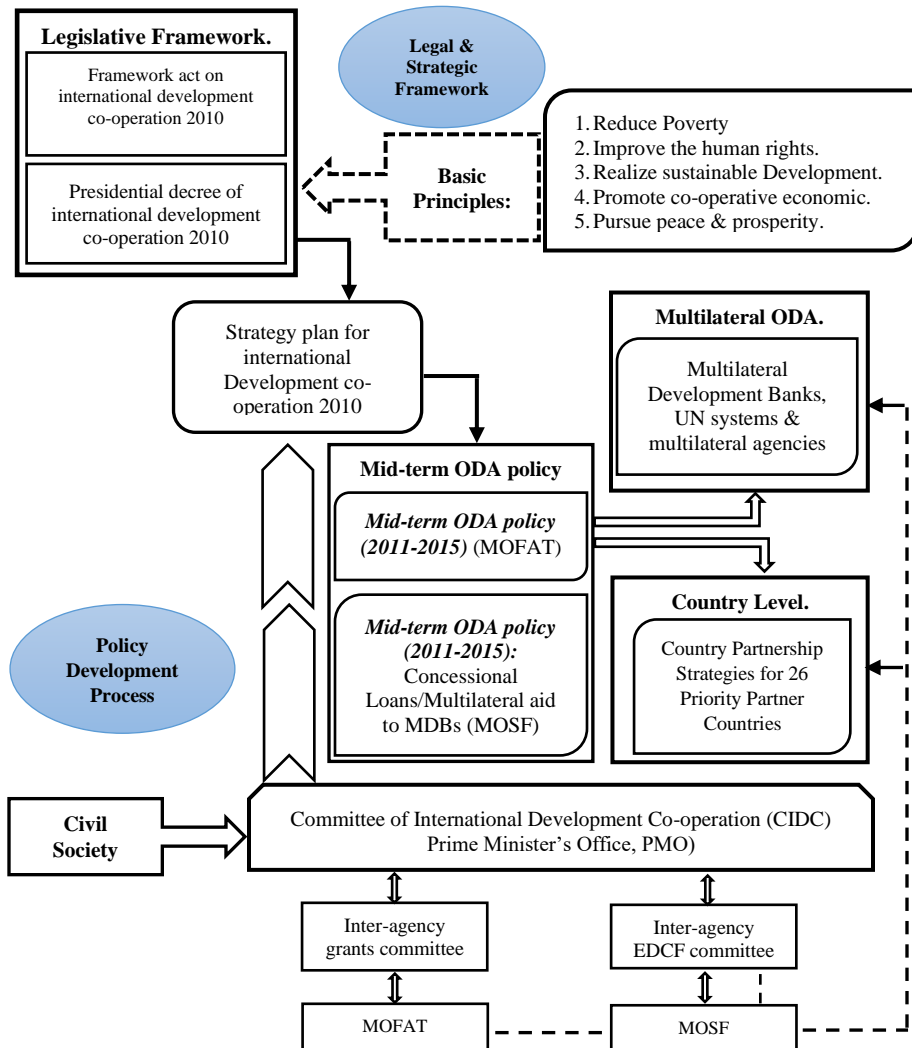


Source: MOFA (2014) Japan’s International Cooperation, Japan’s ODA White Paper 2015, Tokyo, Japan

Korea ODA Policy: Since Korea has been a member of DAC, Korea has created and improved framework of development cooperation. That provides the basis legal for a more combination of the ODA system (Figure 2.3). There are five basis principles with Korea’s new framework for development cooperation such as 1.) Reduce poverty in developing countries; 2.) Improve the human rights for women and children and achieve gender equality; 3.) Realize sustainable development and humanitarianism; 4.) Promote Co-operation economic relations with developing country partners, and 5.) Pursue peace and prosperity in the international community, by general purpose of reducing poverty and achievement of the international agreement for development goals, especially the MDGs (currently is SDGs). Korea’s ODA system was separated into two parts: grants and soft loans, each part was managed by different substances. Grant aid was mostly managed by the MOFAT and Ministry of Economic and Finance (MOEF) was in charge of

Korea's loan. This is the first time the new single plan and mid-term ODA policy for Korea's grants and loans are combined into one set strategy documents (ibid, p.24).

Figure 2.3: The Strategic for Korea's Development Cooperation.



Source: OECD (2012) DAC Peer Review Republic of Korea

2.1.3 Overview of ODA in Lao PDR.

The policy instrument of ODA implementation in Lao PDR, it is widely used at national and provincial levels of project implementations in Laos. ODA is managed by the country's sector working groups (SWGs) with a development agenda that includes 17 global Sustainable Development goals

(SDGs). The SDGs have been integrated into the 8th NSEDP (2016-2020) monitoring and evaluation framework, with 60 percent of NSEDP indicators linked to SDGs indicators. They will now be integrated into sector strategies and provincial development plans. Also, Laos's graduation from Least Developed Country (LDC) status by 2020 will be driven once the 8th NSEDP (2016-2020) is implemented successfully by 2030. Besides the 17 SDGs, the Laos has endorsed its 18 SDGs on talking Unexploded Ordnance (UXO) which has been widely harming the country's lives and development. The Lao PDR willing to take international guidelines on partnership as references. Guidelines of the Paris Declaration on Aid Effectiveness, ACCRA Agenda for Action, and Busan High-Level Forum on Aid Effectiveness and Global Partnership Principles are put into national plans. In particular, the endorsement of Vientiane Declaration on Partnership for Effective Development Cooperation by 28 donors was witnessed by 300 delegates from local and international partners in the 12th High-Level Round Table Meeting (HLRTM), in Vientiane Capital on 2015. ODA disbursement by donors to Laos from 2011-2015, among US\$2 billion, was International Financial Institution US\$577 million; bilateral donors from Asia Pacific regions US\$566 million; European Union US\$363 million; and others among US\$514 million. And ODA contributed by sectors received the most amount of ODA on economic infrastructure and social welfare (i.e. education, health, economic growth, etc.) among 28 percent; agriculture and rural development 16 percent; infrastructure 20 percent; natural resource and environment management 12 percent; and others 24 percent (DIC, MPI, 2015).

2.1.4 Purpose of ODA and Social-Economic Development.

ODA is given various objectives and intentions. It can be interpreted to main ODA for reconstruction, social and economic purposes; remaining of category captures as residual purpose. By the estimation of the growth impacts of detachable types of aid, there were no effects. Meanwhile, the reconstruction of ODA has positive effects. Despite this type apply only in particular condition and it has become more widespread in recent years (Bjornskov, C, 2014). The other scholars, as Lancaster (2007, p.13) claimed that ODA was used for

purposes of humanitarian relief, developmental, diplomatic and commercial. Cultural purposes have also existed but it is not prominent (Lancaster, C, 2007). And Morgenthau (1962, p.301) argued that ODA should split into 6 types “humanitarian aid, subsistence aid, military aid, bribery, prestige foreign aid, and foreign aid on economic development” (Morgenthau, H, 1962).

A) ODA for Political Purpose.

There are some researchers indicate that ODA is not just for commercial or trade purpose, not only humanitarian, but there is something hiding the outside figure. As Riddell (2007, p.94) pointed out that almost 30 percent of all bilateral aid in the world is given by the United States. The rationale which the United States providing aid is maybe more important than these external figures. The way of global leadership, as a remaining superpower, has attracted leading donors for decision making about allocation and role of aid (Riddell, R.C, 2007). Boone (1995) examined laissez-faire and elitism, economic or political regimes would use for ODA. The finding is aid does not significantly enlarge growth and investment, neither indicators of human development, but it enhances the government size (Boone, P, 1995). Alessina & Dollar (1998) analyze the design of aid allocation from different donors like Australia, Germany, Japan and etc. to recipient countries. The study found the trend of ODA is compelled by strategic and political deliberation more significant than a necessity of economic and performance of policy in recipient countries. Political federation and colonial formers are the main factors of ODA. However, democratic countries obtain more aid. Meanwhile, the ODA circulates and react more to variables of political; foreign direct investment (FDI) are more responsive to economic incentives especially “good policy” and security of poverty rights in recipient countries, and also uncover vary of significant in the various donors’ behavior (Alessina, A & Dollar, D, 1998).

B) ODA for Humanitarian Purpose.

Humanitarian ODA has been given by donors to countries to respond to natural disasters and providing assistance for people that have been affected by disasters like hurricanes, floods, earthquakes, volcanic eruptions and etc. Humanitarian ODA is a gesture from a country to another country to reduce poverty and relieve the hardship of people by supplying them with basic needs.

Humanitarian ODA for clothing and feeding refugees is supported by various relief agencies and governments (Phraxayavong, 2009). As Lancaster (2007, p.14) argued that ODA for humanitarian relief has been always less controversial within all-purpose of ODA. There are large numbers of victims from the natural environment or manmade, sometimes produce people homeless or refugees abroad. The government of developing countries usually lack the capacity and resource to accommodate the victims need. However, Addison (2000, p.393) explained that by humanitarian ODA, there is some significance reducing the number of victims, but it is still facing some problems which cause some research to doubt the basic relief of emergency value. This part provides a concise review of what is a multidimensional and complex issue (Addison, T, 2000).

C) ODA for Commercial Purpose.

Since ODA has been firstly provided, it has been connected to donors' commercial interests. Most of them have linked to tie aid with purchase goods and services from donors. In addition, ODA can be tied indirectly through different trade promotions like "subsidizing export-credit schemes and providing aid to lower the costs of firms in bidding for tenders, and through more informal pressures on recipients to encourage them to purchase goods and services from donor-based commercial companies". The major donor countries used the commercial interest to lobby and access to funds on aid as a concept "win-win" or mutual benefit. Thus, the working and exporting in a donor country would be enlarged the same as development in a recipient country (Riddell, 2007, p.98). As McGillivray (2003, p.6) argued the results for ODA allocation studies that link between ODA and trade promotion or commercial interests, even though there is various significance among donors over the time periods. Regarding recent reviews, despite there is some proof of donors more focus on development criteria, donors' trade or commercial interest remains an important feature that relates to ODA (McGrillivray, M, 2003).

2.2 Criteria Evaluation of ODA.

The OECD-DAC (1992) examined evaluation guidelines that have shaped the way most donor agencies and their clients/grantees commission or

design and conduct program evaluations. There are based on six general principles: 1.) All aid agencies should have an evaluation policy; 2.) Evaluation should be impartial and independent; 3.) Evaluation results should be widely disseminated; 4.) Evaluations should be used-feedback to decision-makers is essential; 5.) Donor and recipient agencies should be partners/cooperate with the evaluation-strengthen recipient agencies and reduce administrative burden; and 6.) Evaluation should be part of the aid planning from the start-clear objectives are essential for an objective evaluation (OECD, 1992).

OECD (2018) defined to DAC criteria for evaluating development assistance. The DAC network on development evaluation is currently exploring how the DAC evaluation criteria can be adapted to the new development landscape and the 2030 agenda. The criteria used in evaluations of development programs far beyond the membership of the DAC (Table 2.1). In the context of broader debate about the future of development evaluation, a discussion has begun on re-thinking the five DAC evaluation criteria: *relevant, effectiveness, efficiency, impact and sustainability*. (OECD, 2018).

Table 2.2: Criteria and Definition Evaluation of ODA.

Criteria	Definitions
Relevance	The extent to which the aid activity is suited to the priorities and policies of the target group between recipient and donor
Effectiveness	A measure of the extent to which an aid activity attains its objectives.
Efficiency	Efficiency measure the outputs: qualitative and quantitative in relation to the inputs. It is an economic term which signifies that the aid uses the least costly resources possible in order to achieve the desired results.
Impact	The positive and negative changes by a development intervention, directly or indirectly, intentionally or unintended. This involves the main impacts and effects resulting from the activity on the local social, economic, environmental and other and other development indicators.
Sustainability	Concerned with measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawing. The project needs to be environmentally as well as financially sustainable.

Source: OECD (2018) (www.oecd.org)

Regarding Chianca (2008, p.44-45) argued the importance and level of influence of the DAC criteria in the development world, it is appropriate to submit them to independent scrutiny. these initial were critical reviews and expanded by the professional evaluators with broad experience in international development program and diverse background (public health; community

socio-economic development; engineering; public administration; political sciences; and etc.). The overall conclusions were that five results: **1.) *Relevance*** focuses primarily on the goals and priorities of donors or country/local governments, instead of focusing on meeting the needs of the targeted population and creation should be refocused to address the needs of the intervention's impacts. **2.) *Effectiveness*** focuses on determining the extent to which the intervention met its goals and not the needs of aid recipients. The criterion should be refocused or possibly subsumed under the impact criterion since goals cover only the expected positive results from an intervention. **3.) *Efficiency*** even though tackling some of the right issues, falls short on the coverage of costs (non-monetary costs) and comparisons (creative alternatives). Furthermore, the term efficiency often gets defined as least costly approach, but it is a limited definition given the way evaluations are structured. Cost-effectiveness seems a better term to define the creation. **4.) *Sustainability*** is limited to prospective (likelihood of) sustainability and does not make any reference to retrospective sustainability "how sustainability it has been". Furthermore, it only mentions the need to consider environmental and financial aspects of sustainability, leaving out other essential elements to the sustainability of interventions such as political support, cultural appropriateness, adequacy of technology, and institutional capacity. And **5.) *Two key criteria*** are missing "quality of process e.g. ethicality, environmental responsibility" and an exportability of whole or part of the aid intervention, meaning the extent to which it could produce important contributions to other aid interventions (e.g. via use of its innovative design, approach, or product, and cost-saving) (Chainca, T, 2008).

2.3 The Principles on ODA.

Regarding OECD (2005, pp.1-8) explained that OECD is a groups of "developed and developing countries responsible for promoting development and heads of bilateral and multilateral development institutions" issued the declaration name is "Paris Declaration on Aid Effectiveness" mainly focus on partnership commitments which consist of five crucial principles: Ownership, Alignment, Harmonization, Managing for results, and Mutual accountability to

assist effectiveness of aid in developing countries, in order to reach the Millennium Development Goals (MDGs) by 2015. Also, to meet the 2030 agenda of the UN submit for Sustainable Development Goals (SDGs)¹.

According to the principles of OECD on aid effectiveness, as the donors must commit: 1.) *Ownership*, donors should support a capacity of partner country and respect their leadership; 2.) *Alignment*, donors align with recipient country's strategies. Base all supporting of country strategies, policy dialogues and program of development cooperation on recipient's development strategies and seasonal reviews of implementing strategies progress. Donors use strengthen country systems and procedures to maximize the possible extension. Strengthen public financial management capacity which provides commitments and disbursement of aid as schedule agreement, and also rely on transparent accounting mechanism and government budget of recipient country systems of procurement and increase more value for fund which unties aid. 3.) *Harmonization*, donors' action is more harmonized and collectively effective which implement common arrangements and simplify procedures; 4.) *Managing for results*, managing resources and improving decision-making which connects country programming and resources to results with recipient country assessment frameworks; and 5.) *Mutual Accountability*, donors are accountable for development results that provide comprehensive information, transparent and timely ODA flows to recipient countries (OECD, 2005).

2.4 Aid Effectiveness.

The effectiveness of aid is about the "value of money". This means managing aid to maximize the impact of development (OECD, 2010). OECD (2005) pointed out the way of reaching the goals of aid effectiveness and enlarge significantly to assist partner country to improve and strengthen governance development performance by following the Paris Declaration on aid effectiveness of five principles: *Ownership; Alignment; Harmonization; Result and Mutual; and Accountability*. At the global summits in Rome (2003),

¹ The 2030 Agenda is the world leaders adopted for sustainable Development at the United Nations Sustainable Development Summit on September 2015, which consist of 17 SDGs, 169 targets and 232 indicators.

Paris (2005), and ACCRA (2008) “harmonization and ownership were highlighted as key steps for the enhancement for aid effectiveness”. In the measure of how the principles can align to aid policy of the DAC members, the survey on monitoring the Paris Declaration, which participation of 55 partner countries assists us to comprehend “the challenges in making aid more effective at advancing development. The finding is clear progress is being made, but not fast enough. Unless they seriously gear up their efforts, partner countries and their external partners will not meet their international commitments and targets for aid effectiveness by 2010 (OECD, 2008). Additionally, OECD (2012), has the survey on aid effectiveness, the progress in implementing the Paris Declaration brings on the results of the 2011 survey on monitoring the Paris Declaration, which similar to survey in 2006 and 2008, and there are 78 countries participate in the final round of surveys. The results were not positive at the global level, there was only one out of the 13 targets that invented for 2010 has been met. However, it is remarkable for consideration of progress has been made toward other remaining 12 targets.

Regarding Miroslava Furjelová (2010, p.4) argued the impact of development aid on growth by Chenery and Strout (1966), they were introduced a “two-gap” model. The first gap represents the difference between the amount of investment necessary to attain a certain rate of growth and available domestic saving in developing countries. The second gap was formed by differing import requirements for a given level of production and foreign exchange earnings. Foreign aid could fill in these gaps and using the Harrod-Domar model bolster self-sufficient growth (Miroslava, 2010). However, consecutively it caused anxiety also among the policy-makers who did not want their finances to be wasted. Finally, after the steady rise of development aid over three decades, it dropped in 1990s. this situation is called “aid fatigue” (Lensink, R & Howard, W, 2000).

2.4.1 Positive an Aid Effectiveness.

Regarding Burnside and Dollar (1997) argument revolutionary findings in their researched the Aid, Policies, and Growth, according to which the impact of aid depends on the quality of state institutions and policies. They claimed

that aid has a positive impact on growth in developing countries with policies related to fiscal surplus, inflation, and trade openness. On the other hand, corrupt institutions and weak policies limit the impact of financial assistance (Burnside, C & Dollar, D, 1997). As Hansen and Trap (2001) claimed that aid worked on average, but with diminishing returns. Guillaumont and Chauvet (2001) explained that aid worked best in countries with difficult economic environments, characterized by volatile and declaiming terms of trade, low population, and natural disaster. Collier and Hoeffler (2004) argued the aid worked particularly well in countries that were recovering from civil war and that had good policies. Chauvet and Guillaumont (2003) they are found out that aid is more efficient when the present policy is good or when the past policy was poor, as well as economic vulnerability to external shocks is a factor enhancing aid effectiveness. As Clemens, Radelte and Bhavnani (2004) argued aid has positive effects when measured properly but there are only short-term, and Sachs (2005) examined in the UN millennium project assumed that aid has positive effects only when it is directed to real investment on the ground.

2.4.2 Negative an Aid Effectiveness.

The aid may have even negative effects on developing countries. As Rajan and Subramanian (2005), explained alert in the long run aid can be detrimental for the economy. Firstly, development assistance is intended to be additional to the budget, but eventually, the country becomes laxer on raising tax revenues. More aid is necessary just like to keep the country on an even keel and leads to dependency on foreign aid. Secondly, financial flows from abroad lower accountability of government towards citizens and favors corruption. Finally, it may cause “Dutch Disease” effect. However, that via overvalued exchange rate aid inflows have systematic adverse effects on growth, wages, and employment in labor-intensive and export sectors. Thus, it is important to measure absorptive capacity of a country and find out how much aid can be handled to being with, how the aid should be delivered, and when (Rajan, R.G & Subramanian, A, 2005). In 2005, the IMF agrees that there is a need for coordination of fiscal policy with exchange rate monetary policy. In addition, the other scholars in 2006 highlight potential negative effects of larges and

sustained volume of aid on the development good public institutions in low-income countries and undercutting incentives for revenue collection (Moss, Todd, Gunilla, P & Nicolas, W, 2006).

The summary of this part, the development aid might have a positive impact on growth as it is a source of investment, that foreign assistance has positive effects on economic growth only in countries with “good policies and institutions”. Consecutively, following this projection, higher selectivity has been applied by multilateral agencies and donor countries providing development assistance. Therefore, foreign aid has better positive effects in countries that are highly vulnerable to external shocks, in difficult economic environment. On the other hand, the negative impacts of aid. It might weaken state institutions or favor corruption in recipient countries. Ultimately, it might lead to overvaluation of real exchange rate and decrease competitiveness of exportable sectors. This is might negatively influence not only the growth but the whole country’s economy. Thus, the quality of aid cannot be neglected. Donor countries have often followed their economic, politics, and strategic aims and were not really interested in the development of the recipient country.

2.5 The Impact of ODA.

There are many of evidence to prove that ODA contributes positively and visibly to recipient countries for instance: transmitting skills, improving and extending the services’ quality; originating and improving infrastructure, promotion of production, well-being and more incomes, enhancing core delivery services, providing schoolbooks and medicines, and etc. Some benefits have been not tangible like aid contributes to improving the quantity and quality for agriculture, improving the efficiency of key institutions and enhancing the capacity of ministries to deliver education and health sector services (Riddell, 2007, p.253). The other scholars, Phraxayavong (2009, p.36) argued that ODA is crucial for development processes, essential to poverty reduction. Todaro & Smith (2003, p.657) claimed that ODA assists to transform economics structure and contribute to achieving graduation of LDC status and also it helps to sustain economic growth. Therefore, the economic reason for the aid of developing countries is the main concept of their receiving from donors’ awareness of what

poor countries need for their economic development (Todaro, M & Smith, S, 2003). Nevertheless, Burnside & Dollar (1997, p.6) also indicated that ODA can be a forceful tool to promote poverty reduction and growth. Thus, an effectively, ODA should give to countries that can help themselves by setting growth-improving policies (Burnside, C & Dollar, D, 1997).

2.5.1 Positive Impact of ODA.

There are some scholars assert that good policies on ODA management in practice would improve and enhance aid effectiveness. There are some arguments in which some parts are relevant and some seem to be overstated. As Stiglitz (2002), Stern (2002) and Sachs et al (2004) and others argued even though sometimes ODA has failed, but it has assisted to reduce poverty and support growth in some developing countries. Some of the weakness part of ODA it comes from donor side latter than recipients. As we had seen some successful countries such as Indonesia, South Korea, and recently is Mozambique and Tanzania have received more significant ODA (Stiglitz, 2002); (Stern, 2002); (Sachs, J.D et al, 2004). According to Burnside & Dollar (2000) used a new database of aid and Neo-Classical theory as the analytical framework. They found the positive relationship between foreign aid and growth in the presence of good fiscal, monetary and trade policies and little impact in the presence of poor policies. Additionally, they argued that aid does affect growth positively. Therefore, a positive relationship is conditional on a good macroeconomic policy environment. They suggested that donors should consider the policy environment of the recipient country for ODA (Burnside, C & Dollar, D, 2000). Ruhashyankiko (2005) also explained the influence of aid growth without government intervention in the private sector. This study found that foreign aid has a positive impact on growth without diminishing returns (Ruhashyankiko, 2005).

Furthermore, Tavares (2003) evaluates the impact of ODA on corruption by using geographical distance and cultural of donor countries as useful variables to estimate causality. The results, ODA reduces corruption according to economically and statistically significant and strong to dissimilar controls (Tavares, J, 2003). Okada & Samerth (2012) explained the impact of ODA on

corruption, especially decreasing impact is more significant in countries that have corruption at a low level. In addition, the studies point out that multilateral aid has a more decreasing effect on corruption than bilateral aid (Okada, K & Samreth, S, 2012).

2.5.2 Negative Impact of ODA.

Some of the critiques from Bauer (1972), Friedman (1958), and Easterly (2001) asserted that ODA has enhanced bureaucracies of government, immortalize poor governments, elevate the ruling class in developing countries or it has been wasted. They refer to poverty in South Asia and Africa that still has widespread, even though aid has started since the 1960s such as Haiti, Congo, Somalia, and Papua New Guinea (Bauer, 1972); (Friedman, 1958); (Easterly, 2001). As Papanek (1973) and Mosley (1980), indicated that there are negative impacts of foreign aid on domestic saving, this study had been proved by Taslim & Weliwita (2000), which investigated on Bangladesh's case that found aid had a huge negative impact on saving while the study period. Therefore, there was no significance on promotion of investment. For this reason, aid not play an important role in the development economics in this country (Taslim, M.A & Weliwita, A, 2000). Hansen & Trap (2000) found that there is two-third of studies on the first-generation assessment which points out a negative impact of ODA on saving. Analysis of various researchers found that there is a half of the research which argues ODA support investment and improves the growth process (Hansen, H & Trap, F, 2000).

Hence, there is a various negative impact of ODA in different times. Dollar & Levin (2006) analyze the scope of ODA for selection "in terms of democracy and rule of law or property rights" between bilateral and multilateral. Both types of aid had a negative relationship with the rule of law during 1948-1989 (Dollar, D & Levin, V, 2006). Knack (2004) examined the influence of aid on the democratization of recipient countries during 1975-2000 period by using various measures of aid vigor and two various indexes. The study found out aid does not promote democracy (Knack, S, 2004). On the other hand, Djankov et al (2008) also found a negative impact on democracy by using data

from 108 recipient countries over the period in 1960-1999 (Djankov, S et al, 2008).

2.6 The Impact of ODA in Lao PDR.

According to the National Social-Economic Development Plan (2006-2015) with its four key milestones of the nine of Lao PDR Party Congress, the government set up main factors that were at the core of a proactive, stable and sustainable development. In the context, social development and environmental protection are key elements within the economic strategies. The government of Lao to strengthen the structure for the implementation of changes in the economy and the labor-markets, for the expansion of international development cooperation with development partners, and for enhancing the capacity's competences at the international and regional level (Souvannaeth, V, 2014).

Lao PDR is a resource-rich country, with many natural resources, hydropower, and minerals. After a reform economic upward trend with an average 8 percent growth which was experienced over the past decade. Laos's economy is still expanding and has greatly benefited from high-profile capital flows to the country in terms of FDI, Public and Private investments among others. In addition, from 2006-2015, the total of ODA increased US\$535.2 million in 2012 and US\$657.2 in 2014. (DIC, MPI, 2016). Essentially, the issues affecting the social-economic development especially in Laos, which was stilling one of the least developing countries, are characterized by being a small economy with a high poverty rate and had small budget to support and build up the areas of economic and social development. Thus, ODA has played crucial role in fostering the government's goal high economic growth rated of the country. In fact, many least developed countries have not achieved sustainable economic growth despite the fact that they attracted more of both internal and external sources for supporting on social-economic development process. In this context, the question still remains whether financial assistance, especially external sources in terms of ODA, FDI and etc. Laos has received invaluable support in terms of ODA from the international community, which had contribution to the early stage of the country's social-economic development. Its invaluable assistance has marked development areas in need

of aid, particularly the social sectors (i.e. communication and transportation, education sector, health sector, and etc.). The most of ODA inflow to Laos has been provided by state parties and non-state parties as well as international organizations in parties civil society organizations, NGOs, and etc. Hence, based on that ODA inflow to Laos has developed itself and became an important component for considering measures in order to respond to the development in Lao PDR.

2.7 Previous Study of the Four Major Donors ODA in Lao PDR.

Since 2007 and 2010 the comparison of the four major bilateral donors in Lao PDR such as Australia and Germany have made a progress with 8 out of 10 indicators; Japan has made 6 out of 10 indicators, and Korea has made 4 out of 10 indicators. Therefore, all of them have been met few targets in 2010 as Australia could reach 3 targets which are indicators of untying aid, joint missions and joint country analytic work. Germany, Japan, and Korea could reach 2 targets, which Germany and Japan have been met coordinating support to strengthen capacity and untying of aid; and Korea has been met using country Public Financial Management (PFM) systems and strengthen capacity by coordinating support. Even though there are some indicators did not meet the targets on 2010, but a mutual accountability framework was in place, and together government of Lao with donors are continuing to work and enhance the mechanism of consultation to contribute more participation in civil society and also the private sector (OECD, 2012).

There were some observations' ODA implementation of peer review recommendations. Every four of five years, the OECD-DAC conducts seasonal reviews of the individual development cooperation efforts that examined both policy and implementation of DAC members. The purpose of DAC peer review is to enhance the effectiveness and quality of development cooperation systems and policies and to promote best development partners for better results on poverty reduction and sustainable development in developing countries. The principally, there are seven key issues of these peer reviews which consist of development beyond ODA: 1.) strategic orientations, 2.) volume of aid, 3.)

channels and allocations, 4.) organization and management, 5.) delivery and partnerships, 6.) results management and accountability, and 7.) humanitarian assistance. Thus, these four bilateral donors had some differences recommendation and differences yeas assessment (Table 2.3).

In this regard, Australia’s implementation of the 2008 peer review, the OECD (2013, p.9) disputed Australia’s implemented 16 recommendations or account for 80 percent and partially implemented 4 recommendations or account for 20 percent (OECD, 2013). OECD (2015, p.9) disputed Germany’s implemented 7 recommendations or account for 39 percent and partially implemented 11 recommendations or account for 61 percent (OECD, 2015). As OECD (2014, p.9) disputed Japan’s implementation of 2010 peer review, Japan implemented 6 recommendations or account for 31 percent, partially implemented 6 recommendations or account for 32 percent and not implemented 7 recommendations or account for 37 percent (OECD, 2014). Korea’s implementations of 2012 peer review, Korea implemented 8 recommendations or account for 33 percent, partially implemented 13 recommendations or account for 54 percent and not implemented 3 recommendations or account for 13 percent (OECD, 2018).

Table 2.3: The Progress on Implementation of the OECD-DAC Peer Review.

Progress on Implementation	Australia 2008	Germany 2010	Japan 2010	Korea 2012
Implemented	16	7	6	8
Partially Implemented	4	11	6	13
Not Implemented			7	3

Source: OECD (2013, 2014, 2015 & 2018), OECD Development Cooperation Peer Review

Regarding Jackson (1984, p.3) the report of the committee to review the Australian overseas ODA program, indicant that “Australia ODA was given primarily for humanitarian reasons to alleviate poverty through economic and social development. ODA also complements strategic, economic and foreign policy interest and by helping developing countries to grow” (Jackson, R, 1984). As Berthélemy & Tichit (2002) comparison ODA allocation policy from 1980-

1999 which covered 22 donors and 137 recipient countries. They found that Germany was one of four donor countries which include France, United Kingdom, and United States were relatively altruistic (Berthélemy, J.C & Tichit, A, 2002). Subsequently, Berthélemy (2006) examined bilateral donors' interest versus recipients' development motives in ODA allocation, which remarked that do all donors behave the same? By using a panel data set of a three-dimensional, joining the donors, recipient and time dimension. He defined into three clusters of donors: 1) altruistic; 2) moderately egoistic; and 3) egoistic. Hence, Germany is still in the cluster 2) moderately egoistic (Berthélemy, J.C, 2006). As Kawai & Takagi (2004) analyzed current issues and future directions of Japanese ODA, they argued that Japan can reach the domestic and international challenges by developing a coherent national strategy for ODA, broadly designed to enhance effectiveness, accountability and transparency (Kawai, M & Takagi, S, 2004). However, Ueda (1995, p.251) argued indicated that Japan's ODA is not for commercial invasion. Then take a look at Japanese yen loans over 95 percent were united and grant more than 74 percent united. The recipient countries have to tender international bids so that the companies of any country can make a bid. There is only 33-34 percent of loan projects that have contracted with Japan's companies and contractors were free to purchase goods and services from any country (Ueda, H, 1995).

Chun et al (2010) examined Korean ODA performance from the previous to present by identifies characteristic which consists of low ODA/GNI ratio; the amount of soft loans higher than grants; a small portion of united aid; a relatively large number of recipients and regional bias; as a donor country for more than two decades, ODA framework of Korea was still under construction "characterized as lingering between pursuit of national interests and observance of global standards represented by DAC's guidelines" (Chun, H.M, 2010). As Sungil (2016), concluded that Korea's ODA flows to south Asia with three mains acts: 1) Korean ODA focuses on production capacity including industrial development and building economic infrastructure; 2) Relatively large project-type interventions were preferred; and 3) The share of united ODA was less than other donors (Sungil, K, 2016).

Chapter 3: Theoretical Framework and Methodology

3.1 Theoretical Framework.

The purpose of this study is focusses on social economic development and conceptualizing donors-recipient relationship coordination for ODA management. As Fraser and Whitfield (2009), and Elinor (2005), the key insight study “Negotiating Aid” lies in the process of engagement between recipient government and ODA providers as one of negotiation. They simplified model of an aid negotiation, in which recipient negotiating capital leads to certain negotiation strategies. ODA donors have negotiating capital, derived from the same set of structural conditions, which lead in turn to provider strategies (Fraser, A & Whitfield, L, 2009). Greenhill, Prizzon, and Rogerson (2013), They are emphasized the crucial role of rational choice theory to explained their model. It is suggested that political actors select courses of action according to rational calculations about how to achieve their preferred outcomes. In the sense, the calculation is rationally based on various contexts such as political, social, and economic contexts. The structural conditions present donors and recipients with constraints to consider in deciding what they think can be achieved through negotiation, and with resources to draw on to make their case in a way that compels the other to consider their preferences carefully (Greenhil, R , Prizzon, A & Rogerson, A, 2013).

This part will be an exploration of the main government institutions, foreign government donors in Laos, who have direct involvement in ODA area. This study will be a descriptive case study research to demonstrate the available policies, mechanisms in ODA management framework that would have important relationship to effective development implementation in Laos context. Also, the study will explore the variety of ODA modality and channel which have been operated in social-economic development paradigm. To look deeper into the relationship between ODA management framework and development effectiveness, cross-sectional model will take a snapshot on a specific single timeframe with a large-scale population. In this regard, in Laos

there are four key government institutions dealing with ODA policy formulation and ODA coordination, they are; Ministry of Foreign Affairs (MOFA); Ministry of Finance; Ministry (MOF) of Home Affairs (MOHA); and Ministry of Planning and Investment (MPI).

Looking at the four major donors’ side, Australia, Germany, Japan, and Korea they are providing the crucial and implementation of ODA on social-economic development relations and institutional set up on aid effectiveness and management in Lao PDR. As figure 3.1 the four major donors have the difference strategies framework ODA programs to providing on the National Social-Economic Development Plan (NSEDP) in Lao PDR.

Figure 3.1: The Conceptual Framework for Four Major Donors ODA Policy and Procedure on Implementation in Lao PDR.

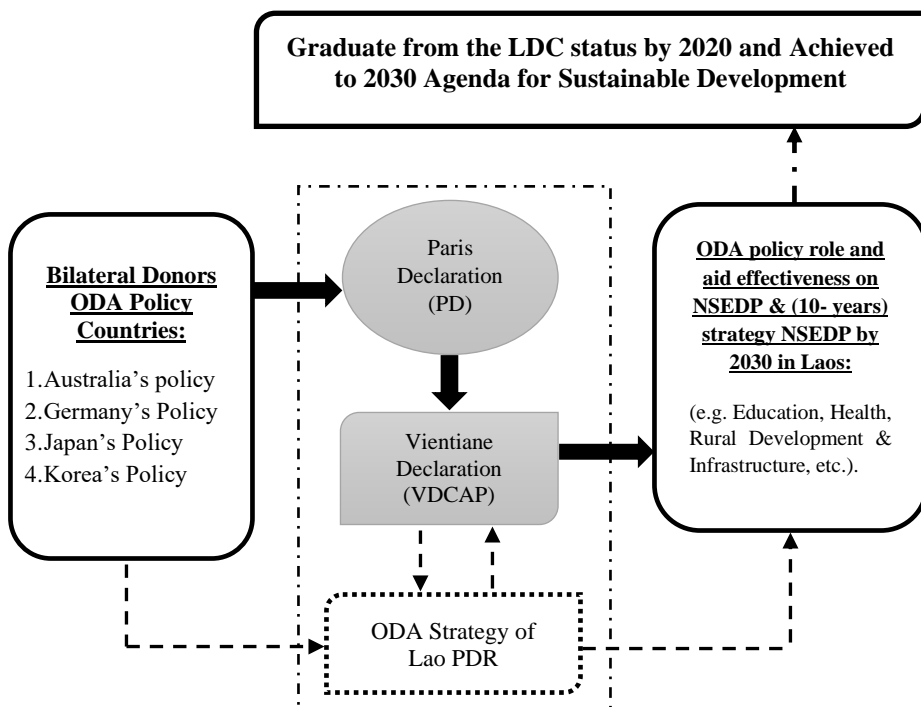


Figure: Donors ODA policy and implementation into PD/VDACAP in Laos.

According to the figure 3.1 examine the four major donors: Australia, Germany, Japan and Korea, by different ODA policy and implementation strategies/framework programs for the effectiveness of aid, contribution by the Paris Declaration into Vientiane Declaration in the NSEDP and ten-years strategy NSEDP by 2030 in Lao PDR, as follows:

Regarding the Australian ODA program, provided by the Australian Agency for International Development (AusAID), it is an administratively independent agency within the portfolio of the Ministry of Foreign Affairs and Trade (OECD, 2009). Australia has become a member of the OECD-DAC since 1961 (OECD, 2018). Australian ODA increased rapidly to A\$1.7 billion in 2005. Australian ODA/GNI ratio raised up to 0.62 percent in 1967 and then since 1988 it has not exceeded 0.4 percent. After that, it was decreased by 0.3 percent in 1996. In September 2005, the Australian government committed to double the amount of ODA around A\$4 billion per year by 2010. Those were explained in white paper 2006 “Australian ODA: Promoting Growth and Stability”. This could assure of aid effectiveness, enhance governance and narrow down corruption. The main purpose of Australian’s ODA program is help to develop the country to reduce poverty and achieve sustainable development, in line with Australia’s national interest (AusAID 2006, p.2, pp.20-21). Australian ODA can contribute to enhance economic growth by supporting to functioning state, invest in people and promote cooperation, and also regional stability. Especially, it is focused on the role private sector to assist recipient countries to achieve the goal of growth. Therefore, around 50 percent of Australian ODA as bilateral is tied for good and services (OECD, 2005c, p.53). However, white paper 2006 declares that Australia’s bilateral ODA would be united (AusAID 2006, p.22). In 2011, Australia provided A\$4.98 billion on ODA and become the ninth-largest DAC donor. The majority of Australia’s bilateral ODA 53 percent or A\$1.6 billion flowed in lower-middle-income countries (OECD, 2013, p.51).

AusAID (2014) pointed out that strengthening the effectiveness and the accountability of Australia’s ODA will conduct a link between aid funding decisions and performance, ensuring focusing on “value-for-money” and results. At the level of the country program, the benchmark of performance will present a shaper basis for the estimation of program performance. More focusing on the results will require monitoring improvement of aid investment. Weekly performing aid investment is required closer attention to new management. A performance framework will conduct to all levels of the aid

program and reshape the aid program and reshape the aid program on the right track reaches the goals.

As Germany is one of the original member countries of the OECD (OECD, 2001). Germany has become a member of the OECD-DAC since 1961 (OECD, 2018). Germany was third largest aid donor from mid-1970s to the mid-1980s and become the fifth largest ODA donors in 2004. The ratio of German ODA/GNI was only 0.35 percent less than the early 1980s that were almost 0.5 percent of which 60 percent was allocated bilaterally under the DAC average 67 percent. Germany has committed itself to increase ODA sharply to 0.7 percent of GNI by 2015, with the target 0.33 percent by 2006 and 0.5 percent by 2010. According to the past of Germany's ODA level likely risky influenced by the federal budget and economy of national, and also the power of the government's cooperation. German developed aid policies are structured within the context of foreign policy. German administration for ODA is quite complicated, the decisions making for German aid have done by the Federal Ministry of Economic Cooperation and Development (BMZ), which in-charge of overall consistency method among agencies who provide ODA. There were two main executing agencies as the agency for Technical Cooperation (GTZ)² and the agency of implementing principal for technical cooperation activities and the German bank for reconstruction (KfW)³. Germany increases the result-based for principles and conduct state expenditure. As previous Germany tries to ensure the aid provided is useful in a transparent and result-adjusted manner. This is just referred to the remarkable of Germany, which has linked to aid provision for technical assistance to ensure aid effectiveness of using fund. The particularly an important linkage is between good governance and aid allocation. Certainly, Germany is one of most intense advocates of good governance and examines "good governance a condition of co-operation" (OECD, 2001, p43).

² GTZ is the German Organization for Technical Cooperation (Gesellschaft für Technische Zusammenarbeit) was established in 1963, and 2011 changed the name to GIZ (the Deutsche Gesellschaft für Internationale Zusammenarbeit).

³ KfW is a German government-owned development bank (Kreditanstalt für Wiederaufbau), it was established in 1984.

Japan has become a member of the OECD-DAC since 1961 (OECD, 2018). Japanese ODA used to focus on Asia, 98 percent of Japan's aid gave to Asia in 1970. Later 70 percent in the 1980s and 54.8 percent in 2000. For overall 1970 to 2004, Japan provided ODA to East Asia around US\$71.6 billion (in terms of net disbursement). Japan become the global largest donor of ODA in 1989 and remain until late of the 1990s. The Overseas Economic Cooperation Fund (OECF) was established in 1965. In 1999, the OECF combined with the Import-Export Bank as the name of the Japan Bank of International Cooperation (JBIC). This institute was deal with soft loan and other official flow to developing country. In 1974, the Japan International Cooperation Agency (JICA) was established in dealing with technical cooperation and grant aid which in-charge under the Ministry of Foreign Affairs. Regarding implication of ODA, sometime JBIC and JICA had a different opinion on the better practice of aid. Thus, in 2008, part of soft loan of JBIC was combined with JICA that call (New JICA) which responsible for three types of Japan's ODA such as "grant, loans, and technical cooperation" (Sørensen 2010, pp.112-113). As the planning and implementation of ODA programs/projects is the main function of Japan's aid administration. Japanese ODA has been always changeable, even though disbursements depend on five years plan. The percentage of Japan ODA/GNI decrease less than 0.19 percent in 2004, which has not happened before since 1964s. if comparison to the 1990s, that were 0.25 percent and the 1980s were 0.3 percent. In spite of commitment of Japan's ODA has not been reached 0.7 percent, but the number of recipient countries of Japanese ODA has increased rapidly. There were more than 20 countries in the early 1960s, and then the number had grown sharply about eight times, around 170 countries by 2002 and made Japan became donor that has the largest number of recipient countries (Riddell, 2007, pp.59-60).

Korea has become a member of the OECD-DAC since 2010 (OECD, 2018). The since 1990, Republic of Korea began looking for a future aid model. Instead of American or West European models, Korea turns to Japan ODA model as a role aid model. The Korean International Cooperation Agency (KOICA) was established in 1991, that dealing with technical cooperation and grant aid under supervision of Ministry of Foreign Affairs and Trade (MOFAT).

In recent years, the KOICA has focused on main sectors such as education, health, disaster relief, and reconstruction. These sectors combine together are over 50 percent of the budget of KOICA in 2006. There are two types of Korean aid: 1.) Aid is given to foreign governments, government agencies or other eligible organizations to support the economic development of developing countries, and 2.) Concessional loan to Korea cooperation for overseas activities (Sörensen, 2010, pp.118-119). In 2011, Korean ODA disbursements were 6 percent greater than 2010, when surplus of Korean ODA was US\$1 billion. However, the ratio of Korean ODA/GNI in 2011 was unaltered from 2010 and under the target 0.13 percent for the year. Korea has pledged to increase ODA amount to reach 0.25 percent of ODA/GNI ratio in 2015. Korea's ODA volume was the 17 largest among the DAC member in 2011 (OECD, 2012, p.15).

Hence, a summary of this part, the terms policies of four major bilateral donors, as Australia ODA policy focuses on strengthening the effectiveness and conduct link between performance and fund decisions and ensuring focus on value-for-money and results. Germany ODA policy's following the Coalition Treaty Shaping Germany's future have been conducting the development cooperation policy of Germany by eight priority areas. Japan ODA policy's following which the development cooperation charter consists of country assistance policy, priorities policies of development cooperation and rolling plan. And Korea ODA policy's following the five basic principles for development cooperation. However, their policies have to alignment with the Paris Declaration or VDCAP to enhance aid effectiveness in developing countries. Especially, it is helpful and supporting on national social economic development plan with the period time of Laos, and also conducting the ODA mobilization strategy for Laos, by the sectoral priorities of Lao government and international global for developed country from LDC status and achieve to SDGs in 2030.

3.2 Research Methodology.

This part is going to explain the procedure of the research which comprises the design of the research; sample size; source and data collection

that consist of primary and secondary data. The structure of questions and method analysis in order to reply to the main issues of this study. There are two sections of data collection and source for this research, which comprise primary and secondary data as 1.) Primary data was collecting by interview face to face of the executive agencies and bureaucrats of Lao government, who are responsible for four major donors ODA. The feature of the interview was conducted by using questions approach and distributed to Lao government agencies; and 2.) Secondary data is collecting by websites, Lao official documents, journals, academic papers, books, and reports would be applied to this research.

3.2.1 Data Collection and Analysis.

The purpose of this research will apply qualitative approach which is most suitable for case study design. The qualitative analysis is valuable in organizational research because it allows researcher to investigate and examine the nuances of stakeholder perceptions, social-economic status, organizational behaviors, and societal trend (Natasha, M; Cynthia, W; Kathleen M.M; Greg, G & Emly, N, 2005). The qualitative data analysis which is also known as descriptive data is non-numerical data and it will be drawn from various of ODA-related literature, government official reports, international organization reports, articles, journals, and previous research. Also, categorical measurement expressed not in terms of comparison ODA implementation from four major bilateral donors (Australia, Germany, Japan, and Korea), it will be used to explain the progress of crucial policy and implementations ODA in Laos; and using both of data (primary and secondary data). The initial data would be the interview that gathers information from executive agencies of ODA who are in charge of four donors ODA in Laos. The secondary data will be access information from the previous studies and other official data. These data will be utilized to analyze in order to reply to the purpose and the main research questions, which compare the crucial policy, implementation of ODA on socio-economic development in Lao PDR. Within this analysis method, research can understand objectives by revealing the pattern and meaning of the content.

3.2.2 Sample Size.

The sample size is focusing on the main focal point of this study is executive agencies of the Lao government who are responsible for four major bilateral donors ODA. In currently, the structure of Lao government consists of 18 ministries and working by ten sector working groups, and there are fourteen ministries received ODA from these donors. Each ministry, there is a department of international cooperation (some ministry has another name, but the role and responsibility are the same), which in charge and monitors ODA fund programs/projects. Thus, the time-series data is also used for statistical analysis supporting the consistency and relevancy of descriptive data. A wide range of data is withdrawn from government reports and international organization reports, for instance OECD, IMF, WB, the UN, and namely a few. The analysis provides reflections and understanding not only on what changes happened but also how and it happened in the development cooperation context.

Chapter 4: Trend of ODA in Lao PDR.

4.1 The Role of ODA to Social-Economic Development in Lao PDR.

ODA has played an important role in the development of Lao PDR. ODA is promoting the economic development and welfare, it is widely used at national and provincial levels of programs implementation in Laos (MPI, 2016), to review foreign aid in Laos, does it work to the needs? It is hard to judge in practice of ODA in Laos, because of the arrangement of donors has altered gradually in recent years. Before 1988 the largest bilateral donor was the Union of Soviet Socialist Republic (USSR). Since USSR collapsed out, Laos has been filling the gap by receiving ODA more from western donors. However, ODA in Laos was increasing. The largest portion of ODA had received the agriculture, forestry and fishery sectors in the 1980s. by the end 1980s distribution of ODA to sectors had been changed to economic management and transportation/communication sectors by support from the WB and IMF as a “Macroeconomic Reform Program (MRP)”. There is 57 percent of total ODA contributed to these two sectors. As well as human resources, energy and mine sectors are also received more ODA. By correspondence of increasing western Development Assistance Committee donors (DAC) in Laos. The distribution of development ODA to sectors had met the need for economic reform (Hatashima, H, 1994).

As the MDGs of the UNDP. The poverty reduction is one of the eight goals that government of Lao and development partners emphasize to help Laos take the step to graduate from Least Developing Country (LDC) status, and ODA has played an important role to reduce poverty. As the survey of Lao Statistic Bureau (LSB, 2014) poverty in Laos continues to decrease according to consumption has expanded. The poverty reduced 4.3 percent points from 27.6 percent to 23.2 percent over the five years period between the fiscal year 2007-2008 and 2012-2013 (LSB, MPI, 2014). The UNDP’s evaluation and contribution to Laos presented proportion of people living below national poverty line was reduced from 48 percent in 1990 to 39 percent in 1997 (UNDP, 2007). On the other hand, ADB economics working paper series also argued

that absolute poverty rate in Laos would have decreased from 46 percent to 17 percent. The quality of poverty that appeared over the last two decades (fiscal year 1992-1993 to 2012-2013), reduced around 6 percent of the population (Peter, W, Sithiroth, R & Jayant, M, 2015).

Regarding the review of Lao NSEDP on 5th to 7th from 2001-2015, Lao PDR has received ODA from both as bilateral and multilateral which included grant and loan about US\$6.9 billion with the contribution of socio-economic development, especially on economic infrastructure such as transportation, hydropower, etc.; and social infrastructures such as education, healthcare and etc. In order to achieve the MDGs. Therefore, to achieve the SDGs by 2030, Lao government must pay more attention and more responsibility for transparency, efficiency and effectiveness of ODA, also improving development cooperation (MPI, 2016).

4.2 ODA Management in Lao PDR.

Regarding the World Bank emphasized that increasing ODA in Laos, the challenging of the Lao government for implementation ODA, Lao government needs to improving “performance management, incentive, and monitoring”. As a result of the WB’s 2003 Country Policy and Institution Assessment (CPIA) for Laos, which indicated weakness in some critical areas that consisting of the accountability and transparency of public sector and the quality of financial management and budgetary. Thus, Lao government will find the difficulty of making significant progress to realize development vision (World Bank, 2004).

As the Foreign Aid Implementation Report (FAIR) of Lao government since 2000-2015 pointed out some issues of implementation of ODA programs/projects in Laos that could not reach the goal in some sectors, the UNICEF (1992), World Bank (2004) also noted that for this reason of failure. To enhance ODA effectiveness, the Lao government and donors had signed the Vientiane Declaration on Aid Effectiveness (VD) in 2006, which adapted from the Paris Declaration (PD) to be Laos’s localized version. This Declaration has represented the shared recognition between the Lao government and stakeholders to improve the effectiveness of ODA in Laos. It also reflected the aspiration and PD’s structure and create the unique experience and

circumstances of Laos. However, it also presented the foundation of a partnership between the Lao government and donors in the core principles of aid effectiveness. Subsequently in 2007, the Vientiane Declaration Country Action Plan (VDCAP) was launched and it was revised in 2012. The revised VDCAP's indicators and targets also reflected international dialogue and agreements of good practices for development cooperation, and including the Busan Partnership for Effective Development Cooperation. The VDCAP represented the practical of VD and set out actions guided by underlying five principles of the Paris Declaration: *Ownership, Alignment, Harmonization, Managing for results, and Mutual accountability* (DIC, MPI, 2016).

In 2015, the Lao government and donors were the spirit of full solidarity to enhance partnerships for effective development cooperation. The successful conclusion of the 12th High-Level Round Table Meeting (HLRTM) has enabled us to assess progress made and learn valuable lessons from the implementation of the 7th NSEDP (2011-2015) and generate the means of implementation of the 8th NSEDP (2016-2020). We are united in partnership that is broader and more inclusive, founded on shared principles, common goals and determined commitments for effective development cooperation. The Lao government continues to strive towards graduating from LDC status, particularly through the implementation of the 8th NSEDP including the attainment of the unmet Millennium Development Goals (MDGs) were united in working towards the realization of this cherished goal, based on inclusive and sustainable level of economic growth. A new universal agenda for inclusive and sustainable development “the 2030 Agenda for Sustainable Development and Sustainable Development Goals (SDGs)” was adopted at the United Nations Sustainable Development Summit in 2015. We are looking forward to implementing these goals within the framework of the 8th NSEDP, and the 10-year Socio-Economic Development Strategy (2016-2025). And the declaration namely “VDCAP 2” has been developed in a spirit mutual understanding, transparency and accountability of all relevant development stakeholders. It aims to enhance the partnership to provides greater support for national poverty reduction efforts and sustainable and inclusive growth taking into consideration the economic, social and environmental dimensions of sustainable development and the

capacity of human resources and institutions. There are eight principles: 1.) *Ownership*; 2.) *Alignment*; 3.) *Harmonization and simplification*; 4.) *Inclusive partnerships for development results*; 5.) *Transparency, predictability, and accountability*; 6.) *Domestic resource mobilization*; 7.) *South-South and triangular cooperation*; and 8.) *Knowledge sharing, and business as a partner in development*” (MPI, 2015).

4.2.1 Overview of Sector Working Groups (SWGs).

In the initial step of Country Action Plan (CAP) implementation, it is mainly agreed that where existing SWG already operation well, then such groups could be mobilized by lead agency of the government and donor focal point to provide wide support to assist facilitate implementation of the CAP. There are four initial pilot sectors (out of ten SWGs) of the CAP such as agriculture and rural development; education; governance; health; illicit drug; infrastructure; macroeconomic; mine action and unexploded ordnance; natural resource management and environment; and trade and private (Table 4.1).

Table 4.1: The Development Cooperation by Sector Working Groups (SWGs) in Lao PDR.

No	SWGs	Charing Ministry and Co-chair Donors	Sub-sectors
1	Agriculture and Rural Development	<ul style="list-style-type: none"> - Ministry of Agriculture & Forestry; - France/AFD; - FAO. 	<ul style="list-style-type: none"> - Agro-biodiversity; - Agri-business; - Forestry; - Rural Development; - Policy Think-Tank.
2	Education	<ul style="list-style-type: none"> - Ministry of Education & Sports; - Australia; - UNICEF. 	<ul style="list-style-type: none"> - Basic Education; - Post-basic Education; - Education Management, Administration & Performance Assessment; - Education Research & Analysis; - Sport.
3	Governance	<ul style="list-style-type: none"> - Ministry of Home Affairs; - Ministry of Justice; - UNDP. 	<ul style="list-style-type: none"> - Public Service Improvement; - Legal & Institutional Oversight.
4	Health	<ul style="list-style-type: none"> - Ministry of Public Health; - Japan; - WHO 	<ul style="list-style-type: none"> - Health Planning & Finance; - Human Resources; - Mother and Child & Nutrition; - Health Care; - Food & Drug; - Hygiene & Health Promotion.
5	Illicit Drug Control	<ul style="list-style-type: none"> - Ministry of Public Security; - Japan; - Australia; - UNODC. 	<ul style="list-style-type: none"> - Drug; - Crime;
6	Infrastructure	<ul style="list-style-type: none"> - Ministry of Public Works & Transport; - Japan; - ADB. 	<ul style="list-style-type: none"> - Infrastructure Development; - Transport; - Water Sanitation & Urban Development.
7	Macroeconomics	<ul style="list-style-type: none"> - Ministry of Planning & Investment; - WB; - ADB. 	No Sub-sector Working Groups for this SWG
8	Mine Action and Unexploded Ordnance (UXO)	<ul style="list-style-type: none"> - Ministry of Labour & Social Welfare; - UNDP; - USA. 	<ul style="list-style-type: none"> - Clearance; - Victim Assistance; - Mine Risk Education.
9	Natural Resource Management and Environment	<ul style="list-style-type: none"> - Ministry of Natural Resources & Environment; - Germany; - WB. 	<ul style="list-style-type: none"> - Land - Geology & Minerals - Water Resource - Disaster, Climate Change & Environment.
10	Trade and Private	<ul style="list-style-type: none"> - Ministry of Industry & Commerce; - Germany; - EU. 	No Sub-sector Working Groups for this SWG

Source: GOL (2006, 2015), Vientiane Declaration of Aid Effectiveness

4.2.2 The Role of Lao Government on ODA.

As the requirement of development alignment with the NSEDP, as well as the coordination and harmonization of ODA to Laos, it is necessary to enhance the government's monitoring and evaluation process. The Lao government must ensure that there is a solid grasp of all programs/projects, which assisted by various donors' countries, international financial institutions (IFIs), and the UN. To deal with ODA, the government of Lao has assigned the responsibility of aid to the Ministry of Planning and Investment (MPI) is responsible with ODA programs/projects (grants aid), capturing donors' commitments and reporting about disbursements. Ministry of Finance (MOF) is monitors all concessional loans and the Banks of Laos (BOL) is monitors on debt and debt payment, and the Ministry of Foreign Affairs (MOFA) is responsible monitoring on program/projects by international NGO (INGOs) (ibid, p.52).

As monitoring and evaluation, to enhance effectiveness on aid through better donor cooperation has a crucial impact, given Lao's reliance on ODA and has been one of UNDP's main achievements. Laos is one of three Asian countries where the Round Table Meeting (RTM) is the first mechanism for aid cooperation, rather than the World Bank's Conclusive Group Meetings. Lao government with Co-chair of the RTM, UNDP has assisted create a forum of effectiveness for dialogue between the international community and Lao government. The RTM originally organized in Geneva as committee meeting for development partners, after that the RTM was shifted to Vientiane to assure more participation, improve national ownership, ensure the local donor community, and empower donors to realize on development need (UNDP, 2007).

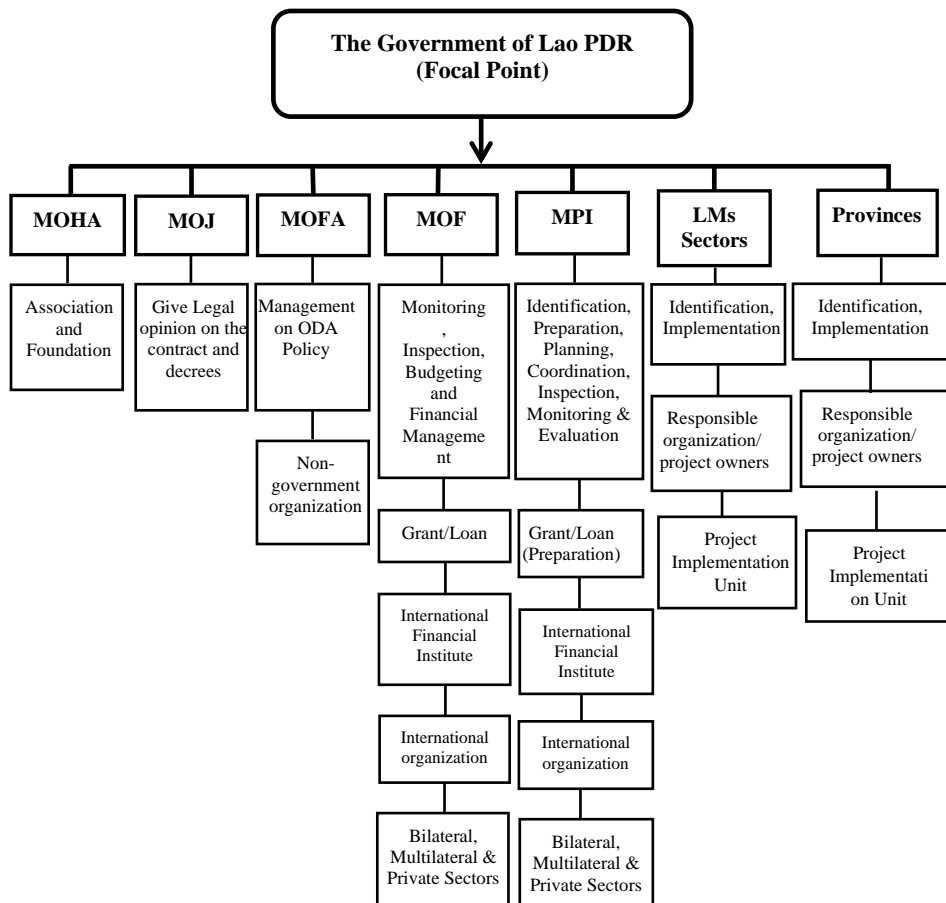
Since 2009, the Ministry of Planning and Investment (Department of International Cooperation "DIC"), had developed the National Standard Operating Procedure (SOP) for the government organizations who are implementing ODA programs/projects as well as implementing partners and donors who provide ODA. The SOP is one milestone of the VD on aid effectiveness, which base on agreement principles of the Paris Declaration and the Busan outcomes statement: Ownership, Harmonization, Efficiency,

Effectiveness, Openness, Competition, Transparency, Non-Discrimination and Accountability, and the associated Global Partnership for Effective Co-operation. Hence, the SOP is reflecting Prime Minister Decree No. 75/PM⁴ on the management and utilization of ODA. The SOP is applicable to ODA development project cycle in Laos that comprise six steps: 1.) *Identification and justification*; 2.) *Formulation, planning, and design*; 3.) *Appraisal and negotiation*; 4.) *Approval*; 5.) *Implementation*; and 6.) *Completion, extension, mainstreaming or cluster* (DIC, MPI, 2017).

According to the implementation of Prime Minister's Decree No.75/PM has set up the rights and obligations of the ministries/authorities on ODA management include those of: MOFA, MOF, MOHA, MOJ, MPI, and local authorities (provincial level), that is identified on the ODA management and using of ODA and the guidance of the Ministry of Planning and Investment, No.2503/MPI on 2013 (Figure 4.1).

⁴ Prime Minister Decree (PMD) No. 75 is declared on 20 March 2009 and associated Government Laws, Decrees and institutions associated with the implementation of PM Decree. It reflects the division of responsibilities between Government Ministries and Institutions concerns principally to four ministries: MOFA, MOF, MPI, and MOJ.

Figure 4.1: The Responsibility of Lao Government’s ODA Management.



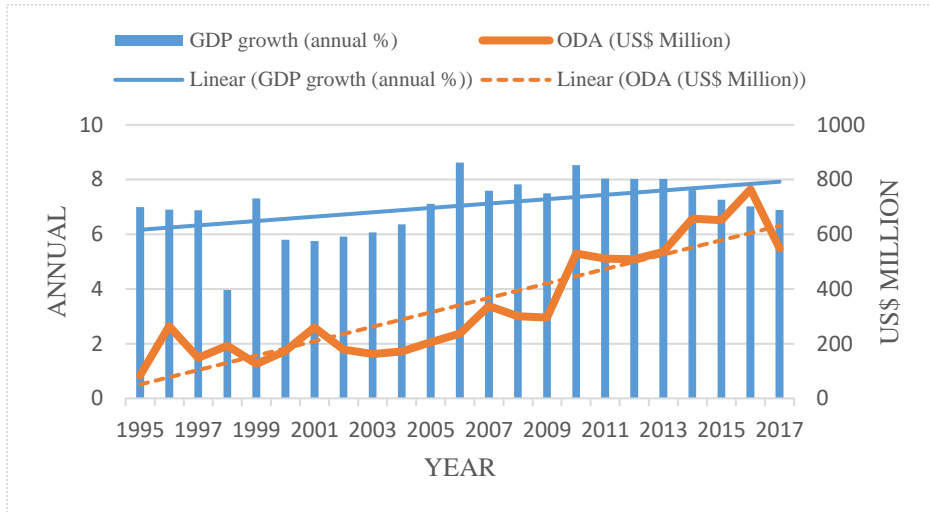
Source: MPI-DIC, (2017) SOP Manual of Official Development Assistance Projects/Programs in Laos.

4.3 ODA Net-inflow to Lao PDR.

ODA net-flows to Lao PDR contain grant, technical assistance, trust fund, loan and humanitarians by official channel to the foreign policy of Lao government. ODA is one of the important for implementation of NSEDP. As the 7th NSEDP (2010-2015) emphasized the ODA must contribution about 24-26 percent of the total investment plan and average GDP growth should not be less than 7 percent. In this regard, the role of ODA and responsibilities of donors under management instruction have distinctly highlighted each individual role. In addition, VDCAP has also exploration the main points on effectiveness, where the accuracy and transparency of information should be provided by government agencies and stakeholders. According implementation report of the 7th NSEDP, ODA contributes 17.7 percent of total investment in

the Fiscal Year (FY) 2010-2011, and 12 percent of the total year investment in the FY 2014-2015 (MPI, 2016, p.9) (Figure 4.2).

Figure 4.2: ODA inflow and GDP Growth (Annual %) in Lao PDR (1995-2017).



Source: Data from the World Bank and Creditor Reporting System (CRS-OECD.Stat)

Regarding the data from the WB and Creditor Reporting System (CRS) OECD.Stat. as show the ODA net-inflow and GDP growth in Laos in 1995-2017, Laos has received ODA from bilateral and multilateral countries. There are two types such as the member of DAC countries: Australia, Germany, Japan, Luxembourg, Korea, United States, Switzerland and etc. As McCarty & Julian (2009, p.9) claimed that in the 1980s, Laos had received ODA from DAC countries about two-thirds was tied by contracts of the commercial for goods and services from donors with high percentage. The main issues were standard of equipment and services are not fit local and conditions, and it had imported. Regarding CRS database of OECD, from 2005-2007, DAC country aid 75.4 percent to Laos was united. According the perspective of OECD was achieved the target that has 60 percent as united aid recommendation. For the multilateral, there is ODA from international institutions such as the ADB, EU, UN, and WB. However, the amount of ODA from multilateral is quite less than ODA from DAC countries (Table 4.2).

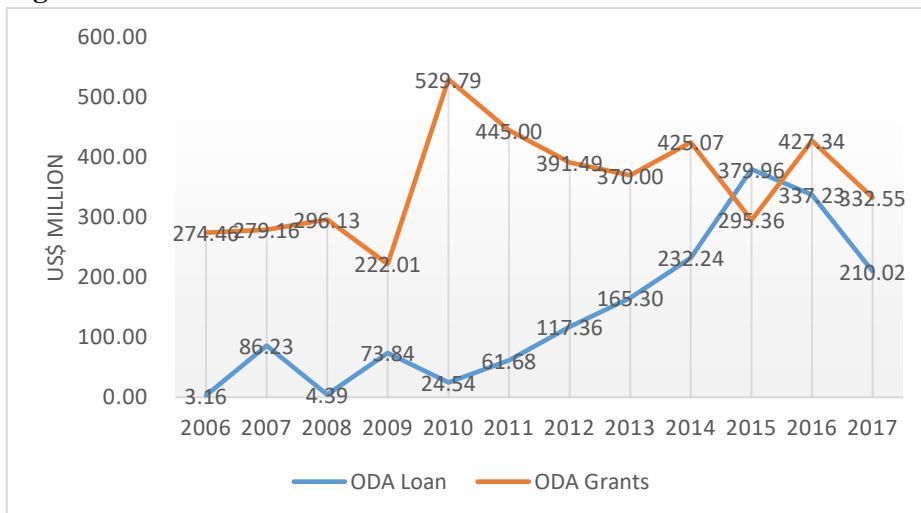
Table 4.2: ODA net-inflows to Lao PDR (2006-2017).

Type/ Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Bilateral	223.6	263.9	195.2	236.7	271.9	322.4	270.4	303.5	478.6	358.4	492.9	372.7
Multilateral	40.9	101.4	105.2	59.0	257.6	189.1	238.3	231.7	178.6	293.2	271.6	175.4
Total	223.6	338.3	300.4	295.7	529.5	511.5	508.7	535.2	657.2	651.6	764.5	548.1

Source: Data from CRS, OECD.Stat

ODA inflows to Laos has slightly increased from 2011. Despite the amount of ODA has enlarged, but most of them were loan aid which means that Laos has return funds to countries or organizations that have to provide financial support to Laos. However, the amount of grant gradually decreased almost a haft between 2010 and 2015 (Figure 4.3). the main factor that some donors' countries or organizations reduce the amount of grants because the NSEDP of Lao government has expected to graduate from LDC status by 2020 (MPI, 2011).

Figure 4.3: ODA Grant and Soft Loan inflow to Lao PDR from 2006–2017.



Source: Data from CRS, OECD.Stat

4.4 ODA Allocation an Internal by the Four Major Bilateral Donors in Lao PDR.

Regarding OECD explained that four major donors as Australia, Germany, Japan, and Korea. They are contribution ODA into the social-

economic development plan in Lao PDR from 2006-2017 (Figure 4.4) by sectors such as production, economic infrastructure, social-welfares sectors, and etc. as follows:

Australian ODA was contributed to the long-term development and economic growth in Laos, which including education, rural development, investment reform trade. From 2015-2016 (AsuAid, 2014). The amount from Australian ODA to Laos somehow fluctuated from 2006-2011 and seem to be constant from 2011-2017. Australia's ODA provides production, economic infrastructure and service sectors 36 percent, education 22 percent, health 3 percent, and other sectors 39 percent. More than 80 percent of bilateral aid distributed by region to Oceania and Asia. I recent years, the bilateral ODA in East Asia has reduced, the volume of ODA has increased consistently in real terms. From 2010-2011, on average of Australian ODA supported civil society and government sectors which include planning, development policy, and capacity strengthening for economic, development of legal and judicial. As focusing sector of Australia's ODA which consists education, health, water, and sanitation, as well as maintained shares of ODA for productive sectors, service and economic infrastructure (OECD, 2013, p.57).

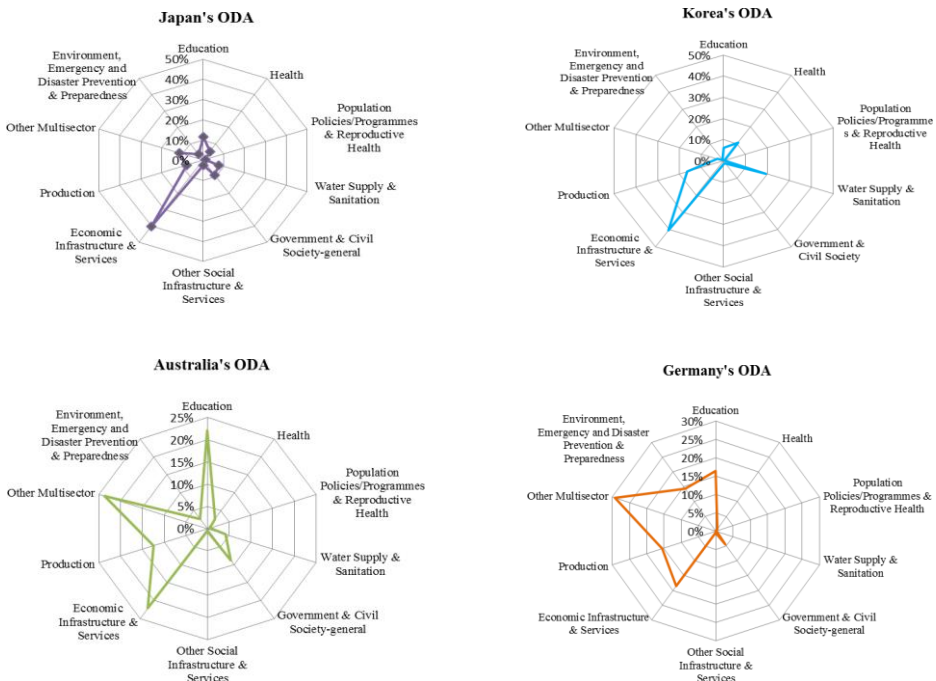
German ODA in Laos, was contributed to production, economic infrastructure and service sectors 34 percent, education 16 percent, health 1 percent and other sectors 49 percent. The sector allocations, German has paid attention to good governance, poverty reduction, and socially and ecologically oriented market economy. The largest to share of German ODA commitments flow to social infrastructure and service 43 percent in 2012-2013 which mainly focuses on the government, education, and civil society. As well as 27 percent of economic infrastructure and service in 2012-2013 with focusing on energy, financial and banking service. Furthermore, German emphasizes to multi-sector and environment for sustainable management (OECD, 2015, p.48).

Japanese ODA in Laos, for a decade of the period 2006-2017, Japan provided grant to Laos among US\$644.7 million and loan about US\$183.4 million. Japan allocates ODA on production, economic infrastructure and service 48 percent, educations 11 percent, health 6 percent, and other sectors 35 percent. According to white paper on development cooperation in 2015,

based on the ranking of top 30 recipients of Japan's bilateral ODA in 2014, Laos was a twenty-second recipient country that has received US\$106.9 million. Nevertheless, Laos is a thirds recipient country that received US\$65.5 million for gross disbursements for grant. by technical cooperation Laos was received US\$29.1 million, and by soft loan received US\$8.7 million (MOFA, 2016).

Korea ODA from 2006-2017, about two-thirds of Korean ODA in Laos was a soft loan that focused on production, economic infrastructure, and service sector more than other sectors, which has 57 percent of total ODA such as health 11 percent, education 6 percent and other sectors 26 percent. Korea was supported bilaterally 80.7 percent in 2015 and distributed 19.3 percent all of ODA for contributions to organizations' multilateral compared to the DAC country average of 26.2 percent. By gross disbursement of Korean ODA in the year 2014-2015 average. Therefore, Laos was the sixth of the top ten recipient countries that received Korean ODA, which primary focusing sectors in order on economic infrastructure, education, healthcare, and population, and other social infrastructure (OECD, 2017, pp.229-231).

Figure 4.4: ODA Disbursement from Four Major Donors to Sectors in Lao PDR.



Source: Creditor Report System (CRS), OECD.Stat

4.5 ODA Performance of Four Major Bilateral Donors: Australia, Germany, Japan, and Korea.

Regarding OECD (2015), by comparison, ODA performance of DAC donors in 2013, which has an average country effort 0.39 percent. Among four major donors, the percent's GNI of Germany had closed to the average than other by 0.38 percent and flows by Australia 0.33 percent, Japan 0.23 percent, and less than others it was Korea had only 0.13 percent of GNI. Nevertheless, among these donors has committed increasing percentage of GNI to reach the average country effort year and furthermore to the United Nations target which is 0.70 percent of GNI (Table 4.3).

Table 4.3: The ODA Performance of Four Major Bilateral Donors.

Official Development Assistance			Grant element of ODA (commitment 2013)	Share of multilateral aid				ODA to LDCs Bilateral and Multilateral agencies 2013		
2013		2007-2008 to 2012-2013 Average annual % change in real terms		% of ODA		% of GNI		% of ODA	% of GNI	
USD Million	% of GNI		% (a)	(b)	(c)	(b)	(c)			
Aus	4.846	0.33	6.0	99.9	14.0		0.05		27.6	0.09
Ger	14.228	0.38	0.9	86.9	33.6	15.2	0.13	0.06	23.7	0.09
Jap	11.582	0.23	2.1	89.1	25.6		0.06		60.5	0.14
Kor	1.755	0.13	16.7	95.1	25.4		0.03		40.6	0.05
Memo: Average Country effort		0.39								
UN target		0.70								
Remarks			a. Excluding debt reorganization. b. Including European Union Institutions. c. Excluding European Union Institutions.							

Source: (OECD, 2015, p.100) OECD Development Cooperation Peer Reviews

Since 2006-2017, the ODA/GNI ratio (Percentage of GNI) of Australia, Germany, and Japan to developing countries around the world was about equal or greater than 0.2 percent. In contrast, Korea's ODA/GNI ratio less than 0.2 percent (Table 4.4).

Table 4.4: ODA/GNI Ratio (Percentage of GNI) of Four Major Bilateral Donors.

Country/ Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Aus	0.29	0.32	0.31	0.29	0.32	0.34	0.36	0.33	0.31	0.29	0.26	0.23
Ger	0.35	0.36	0.38	0.35	0.38	0.38	0.37	0.38	0.42	0.52	0.69	0.67
Jap	0.25	0.17	0.19	0.18	0.20	0.18	0.17	0.22	0.19	0.20	0.20	0.22
Kor	0.05	0.07	0.08	0.9	0.11	0.12	0.14	0.13	0.13	0.13	0.15	0.14

Source: OECD-DAC Creditor Reporting System (CRS), OECD.stats

Regarding OECD-DAC data from 2006-2017, Korea ODA had less share united ODA if compare to Australia, Germany, and Japan. Among these four donors, Korea was a new member of OECD-DAC. Thus, the percentage of share united ODA of Korea was slightly increasing every year (Table 4.5).

Table 4.5: The Percentage of Share United Bilateral ODA from 2006-2017.

Country/ Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Aus	99.7	99.5	100	99.3	100	100	100	98.8	98.3	100	97.9	100
Ger	100	99.7	99.9	100	99.7	100	100	99.9	99.9	100	90.5	98
Jap	100	100	100	100	100	100	100	99.8	100	99.6	100	100
Kor	0.0	17.7	16.1	36.6	27.1	57.7	40	58.2	58.4	49.1	43.9	65

Source: OECD-DAC Creditor Reporting System (CRS), OECD.Stats

Chapter 5: Finding and Discussion

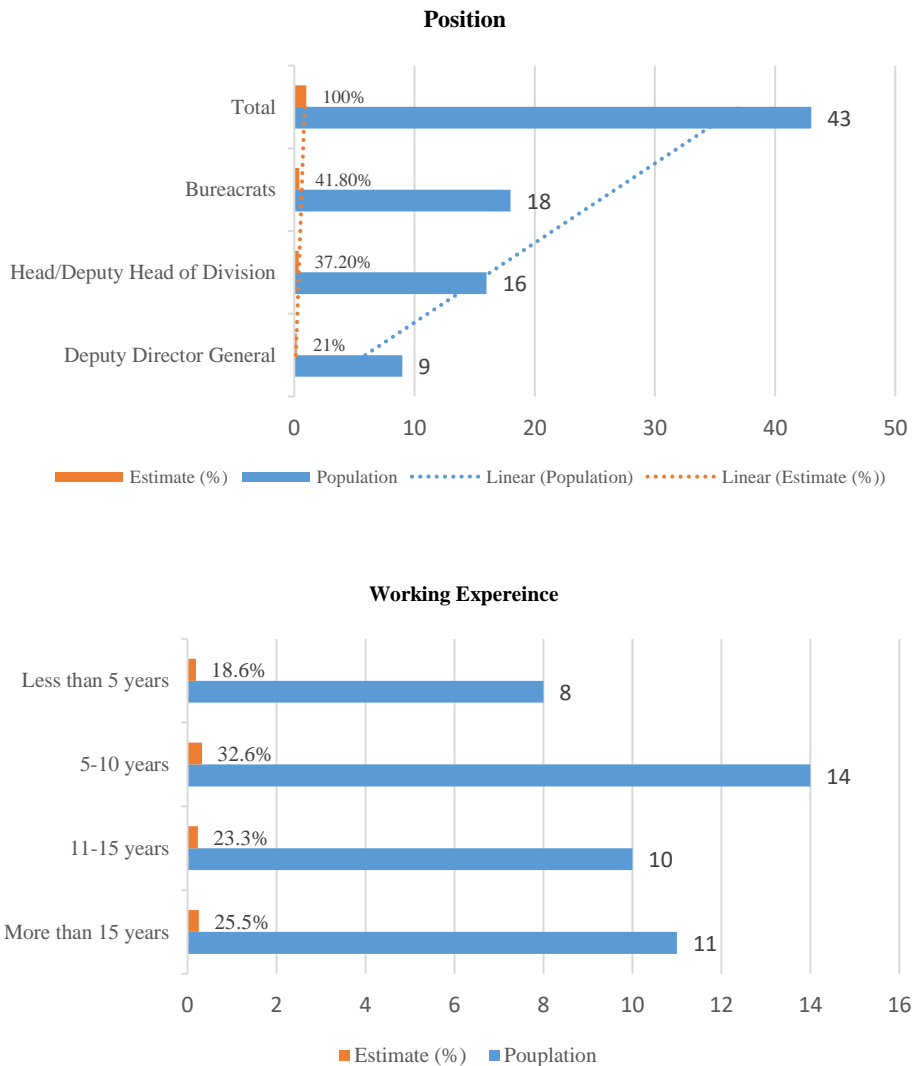
This chapter illustrates the finding and results of this study that came from the interview process and subsequent data analysis. As mentioned in chapter 3, this study uses a qualitative methodology approach to analysis. The purpose of this chapter examines the data analysis which is also known as descriptive data and it will be drawn from various of ODA-related literature, government official reports, international organization reports, articles, journals, and previous research. Also, categorical measurement expressed in terms of comparative ODA policy and implementation from four major bilateral donors (Australia, Germany, Japan, and Korea), it will be used to explain the progress of crucial policy and implementation ODA to enhance aid effectiveness, impacts and achieve the SDGs in next five year in Laos. Regarding the research questions in chapter 1, as follows:

1. What does a major donor country have a more crucial policy and implementation of ODA to enhance aid effectiveness and promote sustainable development in Lao PDR?
2. What is a characteristic of four major bilateral donors such as Australian, German, Japan, and Korea ODA?

5.1 Key Point from the Interview.

Regarding the interview survey, there are forty-three public officers out of fifty-six interviews and counted into seventy-six percent (each ministry/organization has four public officers for interview) on face to face interview to respondents from the total population of fourteen ministries/organizations in charge of received and implementation of ODA from four major bilateral donors in Lao PDR. Nevertheless, all of the respondents are working on ODA management and the majority more than fifty percent of population have working for experience more than five years, as well as the deputy director generals, head and deputy head of division. Also, the bureaucrats are working less than five years. Therefore, this data has provided from respondents is believable and realistic (Figure 5.1).

Figure 5.1: The Position and Working Experience of Population.



Source: Interview survey, 2019

5.2 The ODA Policy Analysis of Result.

5.2.1 The ODA Policy of Four Major Bilateral Donors Through Guideline Principles on Aid Effectiveness in Lao PDR.

Regarding the results from the interview survey, the perspective of Lao government officers who are responsible for four major donors like Australian, German, Japanese, and Korean ODA. As the ODA coordinator secretarial organization and from line ministries discussion on the five principles of the

declarations Paris Declaration into Vientiane Declaration (as mention in chapter 2), those are beneficial to use aid effectiveness highest results and transformed from the executive project management programs/projects based to program-based approach to agencies or implementing to the local organizations and the city budget is sufficient to implementation activities or intervention various targets. Among these four donors relate to the contribution their policy of five principles on aid effectiveness. Therefore, from the result of interview survey can examine that the contribution of Australia, Germany, and Japan's policy through the principles of aid effectiveness are more crucial than Korea policy by the comparison of the percentage of contributions in five principles. which is Australia's contribution in principles 1 (78 percent); 2 (76 percent); 3 (78 percent); 4 (75 percent) and; 5 (73 percent) all the five principles for Australia's estimate on 76 percent. Germany's contribution in principles 1 (84 percent); 2 (82 percent); 3 (80 percent); 4 (84 percent) and; 5 (80 percent) all the five principles for Germany's estimate on 82 percent. Japan's contribution in principles 1 (74 percent); 2 (76 percent); 3 (78 percent); 4 (74 percent) and; 5 (74 percent) all the five principles for Japan's estimate on 74 percent. And Korea's contribution in principles 1 (66 percent); 2 (70 percent); 3 (72 percent); 4 (68 percent) and; 5 (74 percent) all of five principles for Korea's estimate on 69 percent (Table 5.1).

Hence, the summary of this part, as the result of interview survey forty-three from the Lao government officers perspective the five principles on aid effectiveness (Paris Declaration) into the VDCAP in Laos, could summary of the contribution by the ODA policy from four major donors bilateral by the estimated percentage, there have three donors such as Australia, Germany, and Japan's contribution more crucial policy than Korea ODA policy.

Table 5.1: The Contribution ODA Policy from Four Major Donors in Lao PDR.

No	The Five Principles	Descriptions	Australia	Germany	Japan	Korea
1	Ownership	Partner countries exercise effective leadership over their development policies, and strategies and coordinate development actions	Contribute policy in principle 1; 78%	Contribute policy in principle 1; 84%	Contribute policy in principle 1; 74%	Contribute policy in principle 1; 66%
2	Alignment	Donors base their overall support on partner countries' national strategies, institution, and procedures.	Contribute policy in principle 2; 76%	Contribute policy in principle 2; 82%	Contribute policy in principle 2; 76%	Contribute policy in principle 2; 70%
3	Harmonization	Donors' actions are more harmonized, transparent and collectively effective.	Contribute policy in principle 3; 78%	Contribute policy in principle 3; 80%	Contribute policy in principle 3; 78%	Contribute policy in principle 3; 72%
4	Managing for Results	Managing and improving decision-making for results.	Contribute policy in principle 4; 75%	Contribute policy in principle 4; 84%	Contribute policy in principle 4; 74%	Contribute policy in principle 4; 68%
5	Mutual Accountability	Donors and partners are accountable for development results.	Contribute policy in principle 5; 73%	Contribute policy in principle 5; 80%	Contribute policy in principle 5; 74%	Contribute policy in principle 5; 74%
Total			76%	82%	75%	69%

Source: Interview survey, 2019 & OECD (2005; 2012), Paris Declaration on Aid Effectiveness.

Furthermore, the interview result can consistent to OECD (2012, pp.167-184) the targets of the Paris Declaration in 2010, all of the donors and recipient countries as DAC members meet only 1 out of 13 global targets of these five principles which are the indicators of strengthening capacity by coordination supporting under Alignment. Nevertheless, in terms of donor data, Australia has meet targets of Alignment “**a.)** Strengthen capacity by coordinated support; **b.)** Use country public financial management systems; **c.)** Strengthen capacity by avoiding parallel; **d.)** Aid is more predictable, and **e.)** Aid is united”. Harmonization “Use of common arrangements of procedures”; and Managing for results “results-oriented frameworks”. Germany has meet targets of Alignment “**a.)** Strengthen capacity by coordinated support; **b.)** Strengthen capacity by avoiding parallel; **c.)** Aid is united”. Japan has met the target of Alignment “Aid is united”. And Korea has not met any target of the Paris Declaration overall. Despite, there is not assessment data of donor countries for

the principle of Ownership; Managing for Results; and Mutual Accountability, but the contribution of donors is required to support these principles in a partner country. This OECD survey could present that three donor countries made progress on these principles. However, despite Korea cannot meet any targets, but Korea still has some progress on moving forward to reach the targets (Table 5.2).

Table 5.2: The Verification on Monitoring the Paris Declaration of Four Major Donors ODA.

Principles / Country	Australia	Germany	Japan	Korea
Ownership	Data available for partner countries, the scores range from A (high-progress is sustainable) to E (low-little action has been taken)			
Alignment	Meet 5 out of 7 targets of Alignment (<i>Strengthen capacity by coordinated support; use country public finance management system; strengthen capacity by avoiding parallel; aid is more predictable; aid is united</i>)	Meet 3 out of 7 targets of alignment (<i>Strengthen capacity by coordinated support; strengthen capacity by avoiding parallel; aid is united</i>)	Meet 1 out of 7 targets of alignment (<i>Aid is united</i>)	Not meet any targets
Harmonization	Meet 1 out of 3 targets of harmonization (<i>Use of common arrangements of procedures</i>)	Not meet	Not meet	Not meet
Managing for Results	Data available for partner countries, the scores range from A (high-progress is sustainable) to E (low-little action has been taken)			
Mutual Accountability	Data available for partner countries (action yes, no, N/A)			

Source: OECD (2012), Aid Effectiveness 2011: Progress in Implementing the Paris Declaration.

5.2.2 The Progress on Aid Effectiveness by Four Major Bilateral Donors in Lao PDR Through the Global Indicators.

Regarding the perspective of public officers of Laos on the ten global indicators, which under the Paris Declaration on aid effectiveness that has been used to measure the effectiveness of development cooperation between OECD country and developing country. In this regard, by the practicing of ODA policy through the implementation of ODA programs/projects of four major donors in Laos. The public officers can discussion the characteristic of donors through

these indicators. As the results from interview survey most of the indicators of 9 out of 10 indicators, Germany has a more crucial for the overall global indicators of progress on aid effectiveness for 78 percent. By comparison the percentage estimate among four major donors. Australia is more crucial for 5 out of 10 indicators of progress on aid effectiveness for 72 percent, which comprise development cooperation in more predictable. *“Aid is on budgets which are subject to parliamentary scrutiny; Mutual accountability strengthen through exclusive reviews; Gender equality and women’s empowerment and use of developing country’s public financial management (PFM); and procurement systems”*. As Japan is more crucial for 4 out of 10 indicators of progress on aid effectiveness for 73 percent, which are *“transparency of information on development cooperation is publicly available; aid is on budgets which are subject to parliamentary scrutiny, quality and using of developing country’s public finance management (PFM) and procurement system; and aid is united”*. Korea was more crucial for 1 out of 10 indicators of progress on aid effectiveness for 66 percent, that is *“civil society operates within an environment that maximizes its engagement in and contribution to development”*, and also Korea is low of percentage among from four major donors. For the overall, as the interview survey for the principles of the Paris Declaration and global indicators of the progress on aid effectiveness that the content has been connected to each other. In practical of Australian, German and Japanese ODA policies are considered more crucial than Korea ODA policy (Table 5.2).

Moreover, the interview survey result, it can support the argument of OECD survey for Laos in 2007 and 2010. Australia, Germany has made progress on 8 out of 10 indicators, Japan has made 6 out of 10 indicators, and Korea has made progress only 4 out of 10 indicators. In term of these survey, the percentage rate of united aid which is considered more important than other indicators and many scholars had mentioned, and it was explained in chapter 2, about “united aid”. Korea has made only 23 percent, which is lowest than the average 23 donor ratio and also the less than among four major donors. In this regard, it can refer to survey among DAC member which consist of 32 countries in 2007 and 78 countries in 2010. Korea has made progress in united aid from

21 percent in 2007 to 47 percent in 2010. However, Korea has made a progress on this indicator, but this rate is about a half of Australia, Germany, and Japan's percentage of united aid (OECD, 2012).

Hence, there is connected to OECD development cooperation peer review of these four major donors. Australia is one of strong support for untying aid to promote the value of money. Australia has not just only met the OECD-DAC recommendation on untying aid in 2008, but as well as commitments made in ACCRA and Busan to the maximum extent of untying aid. Among of many donors, Australia was well ahead of the DAC average untying ratio 73 percent in 2011. Nevertheless, in spite of tenders being united and open a share of united aid as recommendation by 2008, it is still sourced from suppliers of Australian. The contracts of AusAID's united aid were awarded to comprise of Australian 62 percent in 2011, it accounted 85 percent of the monetary value of those agreements. In addition, there is only 22 percent of procurement under the aid program which managed by AusAID was undertaken by using partner country systems (OECD, 2013, p.77). At the high-level forums on aid effectiveness in ACCRA (2008) and Busan (2011), Germany has made progress in untying ODA. In 2013, Germany increased untying ODA to 83 percent as the 2001 DAC recommendation, up from 78 percent in 2010. The share of united aid, in terms of total bilateral ODA (excluding in-donor refugees' cost and administrative), increase from 75 percent to 80 percent in 2010-2013, equal to the DAC average in 2013. As well as for technical cooperation, Germany has made efforts to united the share from 48 percent in 2010 to 57 percent in 2013 (OECD, 2015, p.66). As Japan argues that united ODA is contributes to transferring technology of Japan, experiences, and knowledge. Japan reported 100 percent of ODA was united by 2001 as DAC recommendation on untying ODA which the DAC average 90 percent. Nevertheless, in term of Japan's bilateral ODA, the share of united aid was 71 percent in 2012, that is under the DAC estimate of 79 percent. This is also reflecting a fall of Japan's untying status of technical cooperation. If technical cooperation was not included in the calculation, in 2012 the share of united aid should have been 86 percent (OECD, 2014, p.60). Korea is encouraged to make progress on united aid and to meet the targets of DAC recommendation and as

well as ACCRA, Busan and DAC accession commitment. Furthermore, Korea's share of united aid reduced from 37 percent in 2009 to 27 percent in 2010 that lower than 88 percent of DAC estimate in 2010. The proportion's total united aid of Korea was 32 percent by comparing to 44 percent in 2009. Thus, this performance will be limited Korea's ability to reach the DAC recommendation (OECD, 2012, p.20).

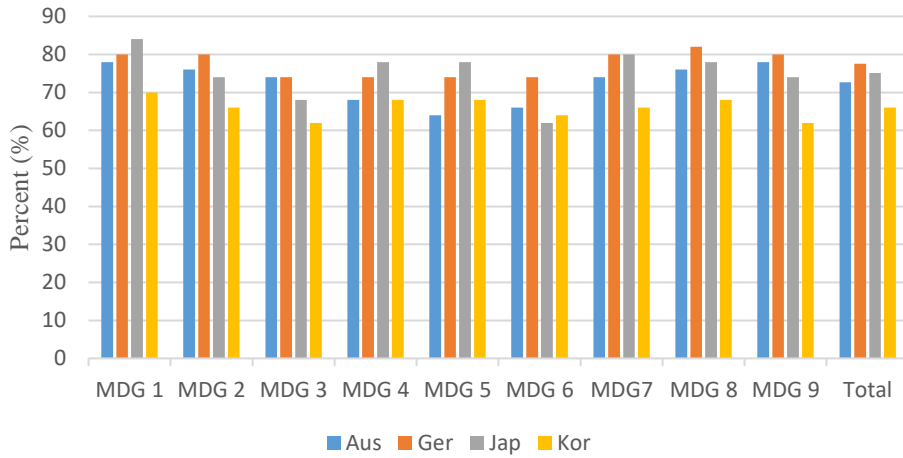
5.2.3 The Strategies of ODA Allocation to Lao PDR by Sector Working Groups (SWGs) and Millennium Development Goals (MDGs/SDGs).

Regarding an agreement of the government of Lao and donors to provide support and assist facilitate implementation of the CAP, both are agreed to exit SWGs as lead agencies of the government and donors focal point in chapter 4. These SWGs are mainly working on sectors allocation of ODA by donors and also focusing on the MDGs 2000-2015 (the UN Millennium Summit), and the SDGs 2016-2030 (the United Nations Rio+20 Summit) in chapter 2. As this research is mainly focusing on the policy and implementation of ODA by four major bilateral donors who provided a large amount of ODA since the period 2006-2017, as data of Creditor Report System (CRS), OECD.Stat. Simultaneously, the period is the implementation of the 6th, 7th, and 8th (Mid-term review plan) NSEDP of the Lao government which had a high amount of ODA flows to Laos, it is also the high annual percentage of GDP growth (Chapter 4).

Since 2000 to 2015, there were 8 MDGs and one national MDGs as MDG9 which is necessary for the Unexploded Ordnance (UXO) clearance in Lao PDR. As the interview survey for the contribution of four major donors in Laos to distribute ODA fund and support Laos to achieve MDGs. In terms of "benchmark for explaining the interview survey data", the estimated percentage of four donors. By the comparison among four donors, Germany is estimated high percentage as 78 percent for more crucial for all 9 MDGs. In parallel, Korea is estimated low percentage as 66 percent for crucial for all MDGs. Meanwhile, Australia and Japan are quite similar results. They are contribution to MDGs are more crucial for overall. Japan is estimated more crucial 75

percent for overall 7 out of 9 MDGs. Australia is estimated more crucial 73 percent for overall 6 out of 9 MDGs. (Figure 5.1).

Figure 5.2: The Strategies of ODA Allocation Inflow to Lao PDR by the MDGs.

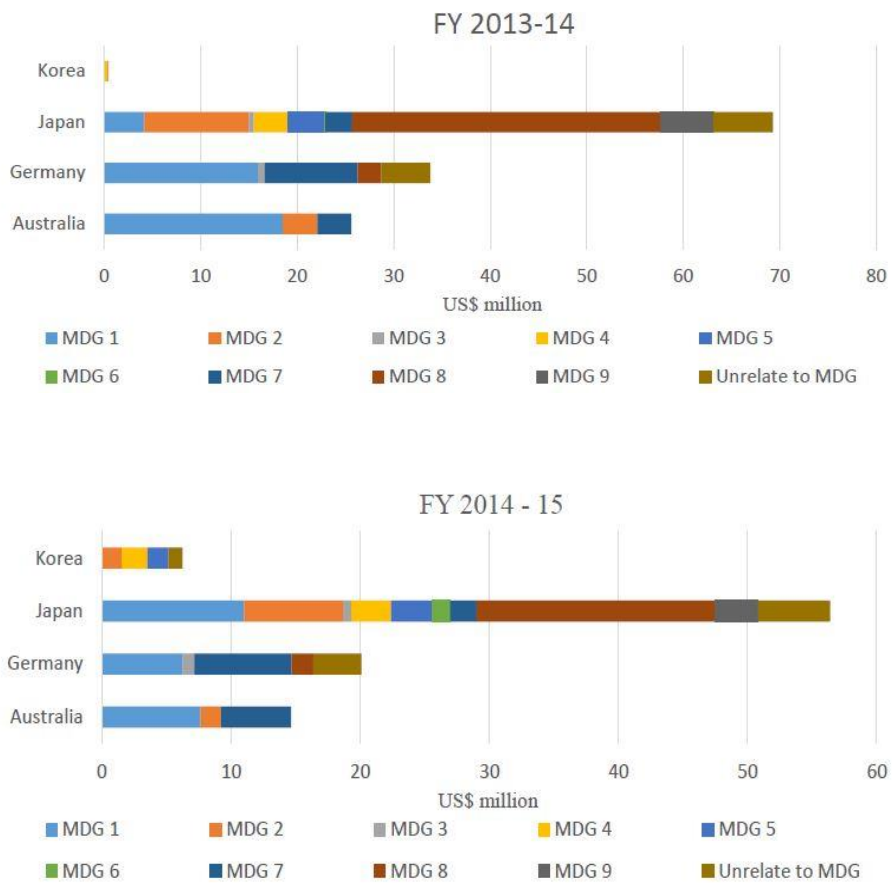


Source: Interview survey, 2019 & www.la.one.un.org/progress-in-lao-pdr#top

Hence, in this regard, it is consistent to the organization, as DIC, MPI (2016, pp.23-39) indicated on a report of ODA snapshot for fiscal years 2010-2011 to 2014-2015 for ODA disbursement to support MDGs in Laos, augured that development results for Lao PDR, Japan was the largest contributor, account about 50 percent of ODA bilateral flows which disbursements were equivalent to US\$85 million. Australia, Germany, France and other donors account for around 30 percent of total bilateral ODA in 2004. By using data from Aid Manager Planform (AMP) databased (currently developed to ODA-MIS databased). DIC, MPI has reported in this snapshot that there are top 6 donors like ADB, European Union, Australia, Germany, Japan, and Luxembourg share more than 50 percent of total ODA disbursement. These donors are the main donors in all MDGs. As the data for 2013-2014 to 2014-2015 (annual reports), among four major donors Australia, Germany, Japan, and Korea. As Japan contributed to all MDGs which largest amount US\$69.3 million in the fiscal year 2013-2014 and US\$56.4 million for fiscal year 2014-2015. As Australia and Germany contributed to some MDGs and the amount of disbursements also less than Japan. Nevertheless, the amount of Australia

and Germany’s disbursements are still considered to be a top main donor who contributed to support MDGs in Laos, as the DIC, MPI’s report of ODA snapshot for the fiscal year 2010-2011 to 2014-2015. On the other hand, Korea had been a small amount of ODA disbursements contributed to few MDGs in both fiscal years, which is US\$0.4 million in 2013-2014 and US\$6.2 million in 2014-2015 (Figure 5.2).

Figure 5.3: The Actual ODA Disbursements of Four Major Bilateral Donors to MDGs for the Fiscal Year 2013-2014 and 2014-2015 in Lao PDR.



Source: DIC, MPI (2016, pp.23-29) ODA Snapshot for Fiscal Years 2010-2011 to 2014-2015.

As the data of the fiscal year 2013-2014 to 2014-2015, among four major donors, Japan contributed to all MDGs. Japan allocated more funds on MDG 8, 2, and 1 with amounts more than US\$80 million. Germany allocated funds on MDG 1, 3, 7, and 8 with amount more than US\$45 million. Australia allocated

funds on MDG 1, 2, and 7 with amounts about US\$40 million. And Korea allocated on MDG 2, 4, and 5, with amounts is less than US\$6 million. Thus, it can see that these two fiscal years, Korea contributed to MDGs less than three donors (Figure 5.2). The reason that Korea provided small amount to MDGs and few MDGs, could be that Korea focuses on production, economic infrastructure, and services more than other sectors. In that way, Korea provided a concessional loan more than a grant. This issue is argued by Chun (2010) and Sungil (2016). According, chair and co-chair of ten Sector Working Groups (SWGs), who are working to support MDGs. As Australia is the co-chair of Education sector, and Illicit drug control sector. Germany is co-chair of Trade and Private sector, and Natural resource management and environment sector. Japan is co-chair of Infrastructure sector, and Illicit drug control sector. And Korea is not co-chair of and SWGs (Table 4.1).

Hence, each donor has an own policy and strategy. Furthermore, recipient country should have a good plan in order to request ODA fund from donors to achieve the goals. As the report of the High-Level Round Table Meeting (HLRTM) 2015 in Laos, was reported on evaluation in 2013 which MDG 1, 2, 4, and 9 were still under the target. However, donors and recipient countries should take lesson learn and pay more attention to work more closure to manage a sector allocation to achieve in the SDGs by 2030.

5.2.4 Analysis ODA Implementation and Management in Lao PDR.

Regarding the interview survey on the ODA implementation in Lao PDR, the public officers responsible discussed, each donor has an own Standard Operate Process (SOP) to operate ODA programs/projects. Therefore, in term of the Paris Declaration (PD), donors and recipient countries as the government of Lao need to align and harmonize the process of implementation. Thus, the national of SOP of the government of Lao has developed in 2009 and it was revised in 2017 to facilitate to ODA implementation and cooperation on aid effectiveness. In term of the SOP, there are six steps which all parties from line ministries/local authorities, and donors should follow as part of the operational procedures. Each step is consisting of the key issues and detail to identify a function both of government and donors (DIC, MPI, 2017).

Regarding the previous ODA implementation in Laos, there are various factors require to recognize such as the parallel procedures of donors and the government need to harmonize. Delays in star up ODA programs; the consequences of grant aid fail to record with the income of government (national-income expenditure) or the financial systems and procedures of donors did not comply with the financial and budgeting management system of the government. The issues are related to administrative and technical management of programs/projects implementation; insufficient understanding of donors and implementers of programs/projects on relevant instructions/ decrees of the government. The currently, some donors still use their own systems which some issues do not comply with the laws, decrees, and instructions of Lao government (ibid, pp.3-4).

The key issues to estimate for the involvement of the cooperation's four major donors in Lao PDR, which including strategies, policies and implementation. from the interview survey, find out that the contribution of Australia, Germany, and Japan are more crucial than Korea overall, by comparison to the estimated percentage to the ODA policies and implementation of these donors. Among these donors, Australia has estimate percentage of 73 percent. Germany has estimated percentage of 77 percent. Japan has an estimated percentage of 74, and Korea has estimate percentage of 70 percent to using SOP guideline. Thus, three donors Germany has a higher percentage, then Japan and Australia are more than Korea on the implementation SOP guideline. However, these estimate percentages are considered more crucial to contribution. Australia and Germany have more crucial for all steps of SOP implementation on the ODA programs/projects. Japan has more crucial for four steps, therefore. Despite, other two steps for project implementation and completion project.

As the summary this part, the contribution of four major donors through ODA implementation in Lao PDR. These description results are reflected in the result (Table 5.1 and Table 5.2) which indicated about ODA policy of four donors. The results of ODA policy and implementation for four donors are similar to that contribution of Australia, Germany, and Japan is more crucial than Korea. It means that if there is a good policy, it would be reflected good

implementation and then it would be reflected aid effectiveness. In this regarding, some scholars assert that good policies on ODA management in practice would improve and enhance aid effectiveness like McGillvray (2003) argued that, to increase aid effectiveness should expand good policies as the concept of Collier and Dollar (2002) in chapter 2.

5.3 The Trend of Four Major Bilateral Donors ODA in Lao PDR.

Regarding the interview results about the trend of ODA in Lao PDR in next five years. Twenty-two respondents out of fifty-six public officers believe that ODA from four major bilateral donors will increase, because of the official report of the High-Level Round Table Meeting in 2015. The four major donors agreed to continue to support Laos achieve the SDGs in 2030. Meanwhile, the 8th NSEDP (2016-2020), the government of Lao still need to mobilize ODA to support development in Laos. Moreover, the government of Lao and these four donors have good relationship and cooperation. On the other hand, twelve public officers believed that ODA from these donors will decrease because after Laos has graduated from LDC status, some donors will decrease the amount of ODA and face out. Furthermore, nine respondents thought that it will be constant. Even though the Lao government has a strategy to graduate from LDC status in 2020, then ODA is one of the other main factors to contribute to total investment and support development in Laos. These donors will realize and remain supportive.

According to the OECD development cooperation peer review of Australia, Germany, Japan, and Korea. These four donors have committed to increase the percentage of ODA/GNI as the recommendation of OECD and to reach an average country effort of 0.39 percent (OECD, 2015). As the ODA data from CRS, OECD.Stat from 2006-2017, the total ODA and also ODA from these four major donors flowed to Laos, it has been slightly increased year by year, and despite it seems to fluctuate. Thus, the amount of ODA loan is increased year by year, in particular for Korea ODA. In contrast, the amount of ODA grant aid is decreased year by year (as mention in chapter 4).

Hence, as the official report of the High-Level Round Table Meeting (HLRTM) in 2015, it is a conference of Lao government and donors under supporting of the United Nation (UN), 28 donors which included Australia, Germany, Japan, and Korea agreed to continue to supported Lao government to achieve SDGs (DIC, MPI, pp.13-14). By the way, as the results of the Round Table Implementation Meeting (RTIM) in 2017, the Lao government presented “advocates for enhancing partnership to realize LDC graduation and achieve SDGs”. In this regard, government of Lao had a discussion with donors on the national strategies as the NSEDP and situation of developing in order to achieve SDGs in Laos, and also urge them to continue to support this implementing (RTIM, 2017). These issues, could simply that Laos would be supported by these four major donors.

Chapter 6: Conclusion and Recommendation

6.1 Conclusion.

Since the Lao government changed policy development by establishing the New Economic Mechanism (NEM) in 1986. The ODA from bilateral and multilateral has flowed and increased year by year and played an important role in development in Laos. From then on, the government of Lao made a lot of effort to work with donors on ODA effectiveness. As 6th and 7th NSEDP of Lao government which focused more on mobilization and effectiveness of ODA. Thus, there were 25 member countries of DAC who provided assistance more than non-DAC countries' members to Laos from period 2006-2017. The four major bilateral donors such as Australia, Germany, Japan, and Korea were the top 5 major donors who provided more than US\$300 million of ODA amount to Laos from 2006-2017. Despite there was a lot of ODA funds to assist the development in Laos, but some ODA programs/projects could not reach their objectives and were unsustainable. The policy and implementation of the donors were one of the main issues that influence the effectiveness of aid. There are fourteen ministries respond to four major donor ODA. In order to enhance aid effectiveness and sustainable development. These executive agencies should recognize the improve cooperation and characteristic of donors to achieve the national strategies and global targets.

As a performance of four major donors ODA at a global level and in Laos, I can summarize through these points: Firstly, Korea has become a member of the OECD-DAC since 2010. During 1990s, Korea started looking for an aid model. If compare with Australia, Germany, and Japan which had become a member of OECD-DAC since 1961, Korea is quite new a donor. Secondly, from 2006-2017, Germany provides ODA/GNI ratio more than other three donors with 0.36-0.52 percent, followed by Germany and Japan. Korea provided ODA/GNI ratio less than other three donors with 0.05-0.14 percent. Thirdly, Korea provided ODA to Laos as a loan more than a grant. On the other hand, Japan provided a loan less than a grant. However, Australia and Germany provided the only grant to Laos. Four, as the survey of OECD (2012) for Lao

country chapter, Korea met only 4 out of 10 indicators, which less than other three donors. Most of Korea's ODA to Laos is tier aid (share of united aid from Korea 29 percent, Australia 100 percent, Germany 100 percent, and Japan 100 percent). And Fifth, Korea allocated ODA to MDGs (SDGs) in Laos less than other three donors. More than half of Korea's ODA distributed to production, economic infrastructure, and service (Table 6.1).

Table 6.1: Overview of the Characteristic of Four Major Donors ODA.

Types/country	Australia	Germany	Japan	Korea
OECD-DAC Member	1961	1961	1961	2010
ODA/GNI 2006-2017	0.29% – 0.36%	0.36% – 0.69%	0.17% – 0.25%	0.05% – 0.15%
ODA to Laos	Grant	Grant	Grant & Loan	Grant & Loan
Sector allocation in Laos (2006-2017)	-Production, economic infrastructure, and service sectors 36%. -Education 22%. -Health 3%. -Other sectors 39%.	-Production, economic infrastructure, and service sectors 34%. -Education 16%. -Health 1%. -Other sectors 49%.	-Production, economic infrastructure, and service sectors 48%. -Education 11%. -Health 6%. -Other sectors 35%.	- Production, economic infrastructure, and service sectors 57%. - Education 11%. - Health 6%. - Other sectors 26%.
Share of united ODA to Lao PDR	100%	100%	100%	29%
The Survey OECD (2012), Aid effectiveness 2011 Progress in Implementing the Paris Declaration	Meet 5 out of 7 targets of Alignment. Met 1 out of 3 targets of Harmonization	Meet 3 out of 7 targets of Alignment	Meet 1 out of 7 targets of Alignment	Not meet any target.
The survey of OECD 2012 for Lao PDR	Meet 8 out of 10 indicators	Meet 8 out of 10 indicators	Meet 6 out of 10 indicators	Meet 4 out of 10 indicators
ODA Allocation to MDGs in Lao PDR (FY 2013-2014 & 2014-2015)	Provided US\$40.25 million for MDG 1, 2 & 7	Provided US\$45 million for MDG 1, 3, 7 & 8	Provided US\$113.93 million for all MDGs	Provided US\$5.47 million for MDG 2, 4 & 5

Source: DIC, MPI (2016), OECD (2012), OECD-DAC Creditor Reporting System

However, this research attempts to examine the character of four majors' donors, by comparison, their ODA policy and implementation, also examine the trend of ODA from these donors which cover discussion and explanation of variables as economic and institutional issues to present their strategies and ODA policy. Besides that, this research would like to identify a more crucial

ODA policy and implementation of donors that enhance aid effectiveness and promote the SDG in Laos. Regarding the finding of research could be useful for policy-makers and implementing agencies to improve and enhance aid effectiveness sustainable in Laos. As the interview results of the research, it can summarize, as follows

6.1.1 The Condition of the Characteristic of Four Major Bilateral Donors in Lao PDR.

As the interview survey on ODA policy among four major bilateral donors for the contribution of the five principles of the Paris Declaration on aid effectiveness in Laos (Table 5.1), could be summarized that the ODA policy of Australia, Germany, and Japan are more crucial than Korea by comparing the estimate percentage implementation for five principles: Germany is estimate percentage for more crucial 5 out of 5 principles on 82 percent. Australia is an estimated percentage for more crucial 4 out of 5 principles on 76 percent. Japan is an estimated percentage for more crucial 2 out of 5 principles on 75 percent. By the way, the Alignment and Harmonization are the principles that seem to be more important, which Japan that is more crucial. Additionally, it is consistent with the survey of OECD (2012) that three major donors met some targets of five principles of the Paris Declaration on aid effectiveness. In contrast, Korea could not reach any targets, and also on this survey, Korea was estimated percentage lower than for all of 5 principles as well as for overall. According to the global indicators of progress on aid effectiveness (Table 5.2). It is quite similar to the principles of Paris Declaration which Australia, Germany, and Japan have more crucial than Korea. Overall, the result is connected to the OECD survey of Laos in 2007 and 2010. Moreover, Korea made progress only 4 out of 10 indicators that less than other three donors, and it is also consistent to OECD development cooperation peer reviews of these four major donors: Australia (OECD, 2013); Germany (OECD, 2015); Japan (OECD, 2014), and Korea (OECD, 2012). These peer review indicated that the performance of Korea on united aid could not reach the DAC recommendation.

Regarding the interview survey among four major donors (Figure 5.1) about ODA allocation to MDGs (SDGs) in Lao PDR. Korea was estimate

percentage on 66 percent, for overall that is lower than the three donors Australia was estimated at 73 percent; Germany was estimated at 78 percent, and Japan. estimated 75 percent. In this regard, it is mean the contribution of these three donors to the MDGs in Laos has been more crucial than Korea. This consequence is relevant to ODA snapshot for fiscal years 2010–2011 to 2014–2015 for ODA disbursement to support MDGs (into SDGs) in Laos (DIC, MPI, 2016) in Chapter 4. This report presented that the amount of ODA disbursements for fiscal year 2013-2014 and 2014-2015 to MDGs in Laos from Korea was low than Australia, Germany and Japan. As the interview survey on ODA implementation of four major donors through Standard Operate Process (SOP) in Laos. As Australia, Germany, and Japan are more than the implementation this tool, it estimates percentage for most of six steps. Even though, for project completion-extension-adjustment or closure step, Japan was more crucial implemented procedure. In contrast, Korea was not more crucial implementation for all of SOP guidelines. as well as overall. This consequence is relevant to the argument of McGillvray (2003) and Collioer & Dollar (2002) in chapter 2, indicated that to increase aid effectiveness, it should expand good policies. Hence, in summary, to enhance aid effectiveness, it requires quality of performance and good implementation. Logically, a good plan could get a good consequence, as well as a good policy, it should get a good implementation.

6.1.2 The Trend of Four Major Donors' ODA in Lao PDR.

According to the interview, survey identifies that ten public officers argued that ODA from these four major donors will increase in next five years. Because Laos stills need ODA to support the NSEDP to achieve SDGs. In contrast, seven of public officers thought that ODA from these four majors' donor will decrease, because of Laos will graduate from Least Developing Country (LDC) status in 2020. Meanwhile, five public officers believed it will be constant because ODA is important to support development in Laos. Therefore, donors will realize and remain supportive. This result is connected to report of Lao government (DIC, MPI, 2015). About the High-Level Round Table Meeting of Lao government and donors that 28 donors include Australia, Germany, Japan, and Korea commit to continue to support Lao government to

achieve SDGs, and also the RTIM (2017 and 2018) that Lao government presented and urged donors about “advocated for enhanced partnerships to realize LDC graduation and achieve SDGs in 2030”. Furthermore, as the ODA data from CRS, OECD.Stat from 2006–2017 (Figure 4.3), it seems to be increased when compared to the previous times. Overall, it is implied that ODA from these four major donors will increase in the next five years.

6.2 Recommendation.

Based on the finding of this empirical research, ODA has played an important role in the social-economic development in Laos and the trend of ODA from Australia, Germany, Japan, and Korea will be increased. Therefore, government of Lao should put more effort into cooperation and ODA management by recognizing a good policy on ODA which focusing on aid effectiveness, poverty reduction, impacts, and sustainable development in Laos. The research can provide some recommendation and suggestions as follows:

- **Regards to ODA Policy.**

A.) Both of the Lao government and donors should ensure the ODA policy and relate policies in order to meet the requirement of the guideline principles and global targets on ODA effectiveness; B.) The government of Lao should take a lesson learned about ODA policies from donors and developing countries in order to find better cooperation between donors and the government of Lao, and C.) The donors and the government of Lao should cooperate and assessment their own policy and align them into practice.

- **Regards to ODA Implementation and Management.**

The donors and government should define clear steps of implementation ODA programs/projects and ensure the objective and the best result of implementation; revise implementation to see the issues, compare real practice to improve the policy; the donors and government should enhance the transparency and quality data of ODA to the public and also for the monitoring and evaluation (M&E); and the Lao government should manage more clearly on proposal to donors, avoided of duplication or reimplementation in the same files by many donors, as well as, donors should consider allocating fund to many sectors in order to achieve all SDGs in 2030.

6.3 The Direction-finding for the Further Study.

1.) The research question might focus on specific details of ODA policy and implementation by applying more variables to analyze; 2.) The interview survey questions should be clear and make it simple to understand and convenient to answer, in order to obtain more information and realistic; 3.) The reality survey should have more time for interview questions in order to get a better result and more relevant to the interview questions; 4.) For a more reliable result, the researcher might apply to the econometrics model.

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Appendix 1

1. The Based-on Interview Questions.

1.) Which sectors that your ministry/organization locate into your ministry and locate into sector working groups (SWGs)?

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2.) Regarding the Paris Declaration (PD) into Vientiane Declaration Country Action Plan (VDCAP) on the aid effectiveness in Lao PDR. What do you think about ODA policy of Lao government contribute to five principles (e.g. ownership, harmonization, alignment, managing for results, and mutual accountability)?

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3.) Regarding the Busan High-Level Forum on Aid Effectiveness in 2011 (OECD post-2015, element 10 indicators) for better partnerships to achieve the SDGs that emphasized the keys themes Ownerships by developing countries, a focus on results, inclusive, and transparency and accountability. Thus, for measuring aid effectiveness of development cooperation for these donors. What do you think about the 10 global indicators of the progress in Lao PRD?

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4.) According to the Lao government's strategy (NSED) and SDGs, how do these donors allocate ODA to supported them in Lao PDR from 2006-2015, and 2016–2020?

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5.) According to Standard Operating Procedure (SOP) manual, (MPI, 2009).
By cooperation with the Lao government (Executive and implementation
Agency), What does it to the contribution of these donors to project cycle
step for ODA programs/projects in Lao PDR?

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6.) What do you think about the trend of ODA from donors (e.g. Australia,
Germany, Japan, and Korea) in Lao PDR in the next five years?

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7.) The four major donors ODA, have the implementation of ODA
programs/projects were overlapped in your sector?

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8.) Do you have any suggestions or comments on donor policy and Lao
government policy to improve cooperation and implementation of ODA?

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2. Profile of Interviews:

In this interview guideline, there are four keys officials in fourteen ministries
in Lao PDR, who are involved in the “four major bilateral donors ODA such
as Australia, Germany, Japan, and Korea” in Laos. The lists of interviews
are followed:

TENTATIVE OF INTERVIEW.

Date and Time	Ministries/Departments	Interview Meeting
05 Aug 19 (Mon) 08:15–09:15 am	Ministry of Planning and Investment (Dept. International Cooperation & Dept. of Planning)	To whom in charge on bilateral cooperation <i>(i.e. DDG, Head/Deputy Head Division, and Technical Officer working with Australia, Germany, Japan & Korea).</i>
05 Aug 19 (Mon) 09:15–09:45 am	Ministry of Agriculture and Forestry (Dept. Planning and Finance)	
06 Aug 19 (Tue) 08:30–09:15 am	Ministry of Industry and Commerce (Dept of Planning and Cooperation)	
06 Aug 19 (Tue) 09:30–10:00 am	Ministry of Public Works and Transportation (Dept. of Planning and Cooperation)	
06 Aug 19 (Tue) 13:30–14:30 pm	Ministry of Education and Sports (Dept. of International Cooperation/Dept. Planning)	
07 Aug 19 (Wed) 13:30–14:30 pm	Ministry of Health (Dept. of Planning and International Cooperation)	
07 Aug 19 (Wed) 15:30–16:30 pm	Ministry of Home Affairs (Dept. Planning and International Cooperation)	
09 Aug 19 (Fri) 09:00–10:00 am	Ministry of Justice (Dept. Planning and International Cooperation)	
09 Aug 19 (Fri) 14:00–15:00 pm	Ministry of Labour and Social Welfare (Dept. Planning and Cooperation)	
12 Aug 19 (Mon) 10:00–11:00 am	Ministry of Public Security (Dept. Planning and Cooperation)	
12 Aug 19 (Mon) 14:00–15:00 pm	Ministry of Natural Resource and Environment (Dept. of Planning and Cooperation)	
13 Aug 19 (Tue) 10:00–11:00 am	Ministry of Finance (Dept. of External Finance and Debt Management)	
13 Aug 19 (Tue) 13:30–14:30 pm	Ministry of Foreign Affair (Dept. of Asia-pacific-Africa & Dept of European)	
14 Aug 19 (Wed) 10:00–11:30 am	Ministry of Energy and Mines (Dept. of Planning and Cooperation)	

Appendix 2

1. The Country Action Plan for the implementation of the Vientiane Declaration on Partnership for Effective Development Cooperation (2016-2025), as follows:

Principles	Action Areas	Key Indicators	Indicative baseline & targets		Data Source	Responsible parties
			2015 Baseline	Target		
<p>I. Ownership & Alignment</p> <p>II. Alignment</p>	<p>1. Greater aligning and tailoring development finance to the national development agenda and context through results-based planning practices</p>	<p>(a) Extent of adaptation of results based planning practices by line ministries and provinces</p> <p>(b) Extent of alignment and use of country results framework by providers of development cooperation</p>	<p>Result based planning applied by MPI for the 8th NSEDP</p> <ul style="list-style-type: none"> ● 95% alignment in objectives ● 63% alignment in results ● 56% use of national M&E systems ● 60% planned final evaluation with government contribution 	<p>By 2020, evaluation of the application of the result based practices through a review of the 8th NSEDP implementation.</p> <p>By 2025, adoption of results based planning practices by all line ministries & provinces and villages including Sector Working Groups (SWG_s)</p> <p>100% in all four dimensions by 2025</p> <p>Note Global target – all providers of development cooperation use country results frameworks</p>	<p>VDCAP review and global survey reports</p>	<p>DIC/MPI, DOP/MPI, line ministries, and provinces in consultation with UNDP, UNRC, 10 SWGs and other related partners</p>
	<p>2. Strengthening linkages between national budget and national planning processes</p>	<p>Effective and practical application of Medium-Term Expenditure Framework (MTEF) for the achievement of 8th NSEDP including SDG_s</p>	<p>MTEF is being developed</p>	<p>MTEF available by 2018</p> <p>MTEF application (2019-2020)</p> <p>Review and adjustment of MTEF (2020)</p>	<p>MOF report on Public Financial Management Programme</p>	<p>MOF in consultation with WE, ADB and Macroeconomic Working Group and other related partners</p>

Principles	Action Areas	Key Indicators	Indicative baseline & targets		Data Source	Responsible parties
			2015 Baseline	Target		
	3. Ensuring ODA and Other Official Flows are on budgets which are endorsed by the National Assembly	% of ODA and Other Official Flows scheduled for disbursement are recorded in the annual budgets approved and endorsed by the national and provincial Assembly	19% (ODA only)	Not less than 59.5% by 2025 (Year on Year % increase by 4.05%) Note: Global target – Halve the gap The gap for Laos is 81%. Therefore, target for Laos is = 19% + 81%/2 = 59.5%	MOF report on Public Financial Management Programme MPI report on 8 th NSEDP to the NA	MOF & DIC/MPI in consultation with line ministries, WB, ADB, Macroeconomic Working Group and other related partners
	4. Within the national regulatory framework, strengthening country systems which are used by providers of development cooperation to extent possible: budget execution, financial reporting, audit and Procurement	Percentage of development cooperation using the country Public Financial Management and procurement systems building on regular assessments of the systems within the national regulatory framework.	22% (Overall) 27% (Budget) 22% (Finance) 19% (Auditing) 21% (Procurement)	Not less than 48% Note Global target – reduce the gap by one-third where CPLA score between 3.5 and 4.5	MOF report on Public Financial Management Programme Global survey on partnership for effective development cooperation	MOF in consultation with line ministries including 10 SWGs, WB, ADB, and other related partners
III. Harmonisation & Simplification	5. Adopting Programme-Based Approaches (PBAs) and Sector Wide Approaches (SWAp) to support the implementation of the NSEDPs including SDGs	Extend of adoption of PBAs and SWAp in key development sectors as per NSEDP framework including SDGs: Education, Health, Agriculture, UXO, and others as appropriate	No fully effective application of PBAs/SWAp in place	National PBAs and SWAp guidelines adopted by 2018 By 2019, TBA By 2022, TBA By 2025, TBA	VDCAP and global survey reports	DIC/MPI in consultation line ministries including 10 SWGs with UNDP, UNRC, EU, and other related partners

Principles	Action Areas	Key Indicators	Indicative baseline & targets		Data Source	Responsible parties
			2015 Baseline	Target		
	6. Under Government leadership, providers of development cooperation coordinate their strategies and actions, simplify procedures vis-à-vis the Government and enhance collaboration to avoid duplication.	Joint programming of providers of development cooperation	Some joint programming activities existed e.g. within EU member states, and UN agencies	Great use of joint programming within PBAs/SWAP	VDCAP monitoring and global survey reports	DIC/MPI in consultation with UNDP, UNRC, EU, 10 SWGs and other related partners
IV. Inclusive Partnership for Development Results	7. Enhancing capacities of the National Assembly (NA) including the newly established Provincial People's Assembly (PPA) to approve and monitor national development plans and budget for greater development results	NA and PPA exercise more effectively oversight functions over development policies / strategies, regulations and budgets at national and provincial levels	Capacity development plan for NA and PPA is being developed	By 2018, finalisation of capacity development plan By 2019 - 2021, operationalization of the capacity development plan By 2022, capacity assessment of NA and PPA	Annual report by NA and PPA on their activities	NA and PPA in consultation MPI and MOF, Governance SWG and related partners
	8. Advancement of the Round Table Process - moving towards greater partnership for effective development cooperation	Greater partnership for effective development cooperation with clear outcome indicators	Fair participation of various stakeholders in the Round Table Process which focuses on broad development agenda	From 2017-2020, transition toward effective partnership cooperation process From 2021-2025, greater participation of various stakeholders in the effective partnership cooperation process focusing on specific / thematic development issues.	Review and assessment of the Round Table Process Reports of Round Table Meetings and Round Table Implementation as meetings	DIC/MPI in consultation with UNDP, UN RC, all 10 SWGs and other related partners

Principles	Action Areas	Key Indicators	Indicative baseline & targets		Data Source	Responsible parties
			2015 Baseline	Target		
	9. Reviewing legal and regulatory frameworks for NPAs and INGOs as necessary and improving engagement of NPAs and INGOs in national and provincial development planning and coordination, including the implementation and reporting of development results in accordance to the national legal and regulatory framework	(a) Improved legal and regulatory frameworks for NPAs and INGOs and enhanced engagement of NPAs and INGOs in the formulation, consultation and implementation of national development policies and programmes (b) Extent to which development effectiveness principles implemented by NPAs and INGOs	Legal and regulatory environment exist Moderate engagement There is a guideline to facilitate an application of the principles by NPAs and INGOs	Over time, increased in effectiveness of enforcement/implementation of improved legal and regulatory environment that enable effective registration and operation of different INGOs and NPAs Systematic process and publically available information on the involvement in development of both INGOs and NPAs All INGOs and NPAs are adhered to development effectiveness principles	Reports by MOFA and MOHA VDCAP and global survey reports	MOFA, MOHA in consultations with line ministries, Governance SWG INGOs, NPAs, and other related partners
V. Transparency, Predictability, and Mutual Accountability	10. Ensuring a more predictable and accountable national budget that becomes the principle tool of effective development cooperation	More predictable and accountable national budget produced and annual report of budget execution systematic issued, including increasing amounts of ODA and Other Official Flows on budget'	There is a process in place which needs further improvements	By 2019, systematic release of the national budget and availability for public use	MOF report on public financial management programme	MOF in consultation with line ministries, WB, ADB, Macroeconomic Working Group and other related partners

Principles	Action Areas	Key Indicators	Indicative baseline & targets		Data Source	Responsible parties
			2015 Baseline	Target		
	11. Ensuring availability and public accessibility of information on development cooperation and other development resources (commitments, actual disbursements and results)	On line availability of reports on development cooperation and other development resources (commitments, actual disbursements and results) via functionality of a national ODA database	National ODA database not operationalized Quality inputs for Aid Management Platform (AMP) are not timely entered	By 2018, national ODA database established based on AMP experience By 2019, systematic process in place for high quality of data on development cooperation From 2020 onwards, public availability of high quality relevant information on development cooperation	Foreign Aid Report and a report on overall development cooperation	MPI in consultation with line ministries including 10 SWGs and UN/UNDP and other relevant DPs as appropriate
VI. Domestic Resource Mobilization	12. To the extent possible, ensuring adequate mobilization of government revenues which is required for leveraging development cooperation funds for investments in various development activities	To the extent possible, percentage of government contribution to development activities funded by providers of development cooperation	Mostly in hand	By 2025, to the extent possible, a mechanism is in place to quantify government contribution (percentage) for development activities funded by providers of development cooperation	MPI report to the NA	DIC/MPI in consultation with line ministries including SWGs and other related partners
VII. South-South Cooperation, Triangular Cooperation, and Knowledge Sharing	13. Improving understanding on the nature and modalities of south-south cooperation partners and their significant participation in development cooperation management through a clear coordination and reporting mechanism	Extent of engagement of south-south partners in national development policy and programme consultations, including extent of support for implementation through a clear coordination and reporting mechanism	Engagement level of south-south partners including ASEAN and regional partners has been modest but growing	Over time, the profile of the development partnership with south-south partners has clear coordination and reporting mechanism	VDCAP and global survey reports	DIC/MPI and MOIC in consultations with line ministries including 10 SWGs, INCC and International Chamber of Commerce and related partners

Principles	Action Areas	Key Indicators	Indicative baseline & targets		Data Source	Responsible parties
			2015 Baseline	Target		
VIII. Business as a Partner in Development	1.4 Improving engagement of private sector in national and provincial development, planning and coordination, including the implementation, reporting and oversight of development results and outcomes through a proper analytical framework/mechanism.	Extent of coordinated engagement of private sector in national and provincial development policy processes through a proper analytical framework/mechanism (linkage between RTP and Trade & Private Sector Working and Lao Business Forum)	Participation and engagement of private sector has been at moderate level with an effort to link RTP & Trade and Private Sector Working with Lao Business Forum)	Strong mechanisms and coordination process reflecting a effective partnership with private sector (Strong linkage between RTP and Trade & Private Sector Working and Lao Business Forum)	VDCAP and global survey reports on partnership for effective development cooperation	MOIC and MPI in consultations with line ministries including 10 SWGs and related partners

Abstract in Korean

라오스 인민민주주의 공화국 ODA 효과성.

ODA 공여국이 라오스 사회경제발전에 미치는
영향 사례를 중심으로

Visone Oudomsouk

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글로벌행정전공

1986년 라오스 정부가 신경제 메커니즘(NEM)을 실시하여 정책을 변경한 이후, 라오스는 보다 많은 양자 및 다자간 원조를 받아들였으며, ODA는 라오스에서 사회-경제 발전에 중요한 역할을 해왔다. 따라서, ODA 정책과 공여국 집행의 차이는 라오스의 원조 효과성과 지속 가능한 발전에 영향을 주는 주요 이슈 중 하나였다. 그러나 이 연구는 4대 주요 양자간 원조국의 특징을 조사하는데 초점을 맞추고 있다; 호주, 독일, 일본, 한국의 주요 ODA 정책을 살펴보고 향후 5년간의 원조 추세를 예측하고자 한다.

본 연구는 저서, 저널, 보고서 등에서 분석된 2차 데이터와 4개 공여국으로부터 ODA를 받아온 부처/기관의 1차 데이터를 분석한다. 1차 데이터(인터뷰 조사 방법)는 원조를 받은 경험이 있는 라오스 행정부 14개 부처 소속의 정부관료 42명(각 부처는 3명)을 인터뷰한 데이터이다. 인터뷰 결과 공무원 22명(52%)가 응답하였고 호주 독일 일본의 ODA 정책과 집행이 한국보다 더 중요하다는 결과가 나왔다. ODA 정책의 경우, (1) 원조 효과성에 관한 5가지 원칙을 적용함으로써, 공여국에 대한 중요도를 분류할 수 있다. 각 국가의 기여율을 확인해본 결과 호주는 76%, 독일은 82%, 일본은 75%, 한국은 69%로 한국이 다른 공여국 보

다 낮았다. (2) 원조 효과성에 관한 세계 지표를 적용해본 결과 호주는 10개 지표 중 5개, 독일은 9개, 일본은 4개를 충족했고, 한국은 1개 지표만을 충족했다. ODA 집행의 경우, (3) MDG(SDG)에 대한 지원금 배정을 적용해본 결과 호주는 73%, 독일은 78%, 일본은 75%, 한국은 66%로 다른 국가보다 적은 비율을 배정하였으며, (4) 6단계로 구성된 국가표준운영절차(SOP)를 적용해본 결과 한국은 70%로 호주 73%, 독일 77%, 일본 74%에 비해 낮았다. (5) 향후 5년간 4개 공여국들의 ODA 추세에 대한 응답 중 응답자의 50%가 ODA 금액이 증가할 것으로 예상했다. 따라서, 라오스 정부는 라오스의 원조 효과와 지속 가능한 발전을 위해 공여국들과의 협력과 ODA 관리에 더 많은 관심을 기울여야 한다.

주제어: 원조 효과성; 공여국 특징; 원조 역할; 공여국 정책의 영향; 지속가능개발

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