

## Joint Programme Document

### A. COVER PAGE

**1. Fund Name:** Joint SDG Fund

**2. MPTFO Project Reference Number:**

**3. Joint programme title:** Efficiency and optimization of Lao PDR's public budget to finance the SDGs through the National Plan

**4. Short title:** Enhancing Financing Efficiency

**5. Country and region:** Lao PDR, Asia Pacific Region

**6. Resident Coordinator:** Ms. Sara Sekkenes, [sara.sekkenes@one.un.org](mailto:sara.sekkenes@one.un.org)

**7. UN Joint programme focal point:** Ms. Sara Sekkenes, UN Resident Coordinator in Lao PDR, [sara.sekkenes@one.un.org](mailto:sara.sekkenes@one.un.org); Ms. Ricarda Rieger, UNDP Resident Representative in Lao PDR, [ricarda.rieger@undp.org](mailto:ricarda.rieger@undp.org); Mr. Matthew Johnson-Idan, Senior Economist, Resident Coordinator's Office; [matthew.johnson-idan@un.org](mailto:matthew.johnson-idan@un.org)

**8. Government Joint Programme focal point:** Ms. Sisomboun Ounavong, Director General of Department of International Cooperation, Ministry of Planning and Investment, [osisomboun@yahoo.com](mailto:osisomboun@yahoo.com)

**9. Short description:** Lao PDR is entering a critical stage in its national development, with the ninth five-year National Socio-Economic Development Plan currently being designed that will take the country to within 5 years of the 2030 deadline for the SDGs and likely include the transition from Least Developed Country status. Simultaneously, access to the necessary development finance to accelerate progress is becoming increasingly challenging, with high levels of debt, revenue collection falling short of expectations, and repeated shocks stretching coping capacity.

This joint programme will work to strengthen the national architecture for managing and allocating development finance to support more efficient and effective use of available resources at this critical moment. This will be done by drawing on the strengths of UN agencies to: support development of a practical financing strategy to support implementation of the Plan in light of shocks; develop a context appropriate methodology to cost commitments made under the plan to support improved prioritization; develop an evidence-based approach to supporting budget allocations through a pilot in the health sector; and implement an innovative budget tagging methodology that will allow actual spending to be tracked against priorities.

The full extent of the impact of the COVID-19 pandemic in Lao PDR are not yet known, but confirmed cases are now leading to swift and concerted policy responses which are likely to

have implications for capacity to finance the SDGs. For this reason, the Joint Programme will maintain flexibility to adapt to the evolving situation and priorities with regards to financing the SDGs as the situation develops. Appropriate risk management has been integrated into the strategy.

**10. Keywords:** SDG Financing; Budget Tagging; Costing National Plans; Public Finance Management; Development Finance Assessment

## 11. Overview of budget

<b>Joint SDG Fund contribution</b>	<b>USD \$900,170</b>
Co-funding 1 (UNDP), in-kind	USD 50,000.00
Co-funding 2 (UNCDF), in-kind	USD 30,000.00
Co-funding 3 (UNFPA), in-kind	USD 60,000.00
<b>TOTAL</b>	<b>USD 1,040,170</b>

## 12. Timeframe:

Start date	End date	Duration (in months)
July 2020	June 2022	24

## 13. Gender Marker: 2

## 14. Participating UN Organizations (PUNO) and Partners:

### 14.1 PUNO

- **UNDP (Convening Agency):** Ms. Ricarda Rieger, Resident Representative, [ricarda.rieger@undp.org](mailto:ricarda.rieger@undp.org), +856 21 267 777; Mr. Balasubramaniam Murali, Deputy Resident Representative, [b.murali@undp.org](mailto:b.murali@undp.org), +856 (21) 267 777.
- **UNCDF:** Mr. Paul Martin, Regional Technical Advisor ASEAN and Pacific, [paul.martin@uncdf.org](mailto:paul.martin@uncdf.org), +66 2 288 2836; Mr. Thilaphong Oudomsine, UNCDF Programme Specialist, Lao PDR, [thilaphong.oudomsine@uncdf.org](mailto:thilaphong.oudomsine@uncdf.org), +856 20 5551 0588
- **UNFPA:** Ms. Mariam Khan, Representative, [mkhan@unfpa.org](mailto:mkhan@unfpa.org), +856 21 267 630; Mr. Victor Valdivieso, Deputy Representative, [valdivieso@unfpa.org](mailto:valdivieso@unfpa.org), +856 21 267 631

### 14.2 Partners

- **National Authorities:**
  - Ministry of Planning and Investment; Ms. Sisomboun Ounavong, Director General, Department of International Cooperation, [osisomboun@yahoo.com](mailto:osisomboun@yahoo.com)
  - Ministry of Planning and Investment; Ms. Phonevanh Outhavong, Director General, Department of Planning, [outhavongphonevanh@gmail.com](mailto:outhavongphonevanh@gmail.com)
  - Ministry of Finance; Mr. Phouvong Kittavong, Director General, Department of Budget, [phouvongmpimof@gmail.com](mailto:phouvongmpimof@gmail.com)

- Ministry of Health; Dr. Suphab Panyakeo, Deputy Director, Department of Finance, [laohealthfinancing@gmail.com](mailto:laohealthfinancing@gmail.com)
- **Development Partners/UN Agencies**
  - UNICEF; Mr. Octavian Bivol, Representative, [obivol@unicef.org](mailto:obivol@unicef.org); Ms. Maryam Abdu, Chief of Social Policy Monitoring and Evaluation, Lao PDR, [mabdu@unicef.org](mailto:mabdu@unicef.org)
  - WHO; Dr. Mark Jacobs, Representative, [jacobsma@who.int](mailto:jacobsma@who.int); Mr. Christopher Fitzpatrick, Technical Officer, Health Financing and Governance, [fitzpatrickc@who.int](mailto:fitzpatrickc@who.int)
  - World Bank; Mr. Maxwell Bruku Dapaah, Lead PFM Lao PDR, [mdapaah@worldbank.org](mailto:mdapaah@worldbank.org)

## SIGNATURE PAGE

<p><b>Resident Coordinator</b></p> <p>[Redacted Signature]</p> <p>Ms. Sara Seikenes, UN Resident Coordinator in Lao PDR</p> <p>Date:</p>	<p><b>National Coordinating Authority</b></p> <p>[Redacted Signature]</p> <p>H.E. Dr. Kikeo Chanthaboury Deputy Minister of Planning and Investment</p> <p>Date:</p>
<p><b>Convening UN Organization</b></p> <p>[Redacted Signature]</p> <p>Ms. Ricarda Bieger, Resident Representative, UNDP</p> <p>Date: 26.3.2020</p>	
<p><b>Participating UN Organization</b> UNCDF</p> <p>[Redacted Signature]</p> <p>Ms. Judith Karl, Executive Secretary, UNCDF</p> <p>Date: 25-Mar-2020</p>	
<p><b>Participating UN Organization</b> UNFPA</p> <p>[Redacted Signature]</p> <p>Ms. Mariam Khan, Representative, UNFPA</p> <p>Date: 25 March 2020</p>	

## **B. STRATEGIC FRAMEWORK**

### **1. Call for Concept Notes:** SDG Financing (2/2019) – Component 1

### **2. Programme Outcome**

Additional financing leveraged to accelerate SDG achievement (Joint SDG Fund Outcome 2)

### **3. UNDAF Outcomes**

The joint programme will contribute primarily to Outcome 7 of the Lao PDR-United Nations Partnership Framework (2017-2021)- Institutions and policies at the national and local level support the delivery of quality services that better respond to people's needs.

The Partnership Framework does not include Output-level commitments.

### **4. SDG Targets directly addressed by the Joint Programme**

#### **4.1 List of goals and targets**

- SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development
  - 17.9: Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South and triangular cooperation.
  - 17.14: Enhance policy coherence for sustainable development.
  - 17.15: Respect each country's policy space and leadership to establish implement policies for poverty eradication and sustainable development.
- SDG 3: Ensure healthy lives and promote well-being for all at all ages
  - 3.C: Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing states.

#### **4.2 Expected SDG impact**

This UN joint programme (UNJP) will strengthen key components of the national system for managing development finance to deliver on the ambitions of the SDGs, as localized in the National Socio-Economic Development Plan, at a time when national options to continue to finance progress are becoming increasingly stretched and the pace of progress needs to be accelerated if targets are to be met. By leveraging the strengths of five UN agencies, funds, and programmes (AFPs) to optimize public expenditures towards SDG advancement, the UNJP will directly and significantly contribute to SDG 17, strengthening the means of implementation to achieve the 2030 development agenda. This support to the national system will indirectly increase the likelihood of achievement of targets across all the SDGs by supporting the generation and efficient use of new fiscal space. Through technical support to pilot a new approach in the health sector, the programme will also make a measurable contribution to SDG 3.

## **5. Relevant objective(s) from the national SDG framework**

- The Lao PDR national SDG framework is integrated into the 8<sup>th</sup> National Socio-Economic Development Plan (NSED), 2016-2020. Over 60 percent of the 8<sup>th</sup> NSED monitoring and evaluation framework indicators are aligned with SDG indicators.<sup>1</sup> The Ministry of Planning and Investment is currently leading the design of the 9<sup>th</sup> NSED, which will cover the period 2021 through 2025, and in which alignment with the SDGs will be further strengthened.

Activities under this UNJP will focus on support to the development of the means of implementation of 9<sup>th</sup> NSED, for which specific objectives are yet to be determined. Activities have been designed to respond to instructions issued by the Ministry of Planning and Investment to ensure closer integration of planning and budgeting in the 9<sup>th</sup> NSED.

- The UNJP is aligned to the National Roadmap for the Implementation of the 2030 Agenda for Sustainable Development (draft), which prioritizes strengthening the integration and alignment of the 2030 Agenda into the 8<sup>th</sup>, 9<sup>th</sup>, and 10<sup>th</sup> NSEDs.
- The UNJP directly supports implementation of the Public Finance Development Strategy to 2025, which sets out to develop and review State Budget expenditure policies to align with the National Socio-Economic Development Plan; and improve the expenditure structure to provide financing for national socio-economic development.

## **6. Brief overview of the Theory of Change of the Joint programme**

The joint programme will deliver coordinated technical assistance, integrated with other initiatives of the government, other development partners, and the UN, to strengthen the national architecture for managing development finance. By doing this, it will support Lao PDR in making more efficient and effective use of increasingly scarce development finance, at a moment when development progress needs to be accelerated if the SDG targets are to be achieved, repeated shocks are threatening progress, and graduation from Least Developed Country status is not to undermine achievements. In turn, this will contribute to increased Government capacity to focus resources on priorities, and ultimately to faster progress toward achievement of national development priorities and the SDGs.

## **7. Trans-boundary and/or regional issues**

This is a country-specific initiative, focusing on supporting the national planning and development financing architecture.

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<sup>1</sup> Lao People's Democratic Republic, "Voluntary National Review on the Implementation of the 2030 Agenda for Sustainable Development", July 2018

## C. JOINT PROGRAMME DESCRIPTION

### 1. Baseline and Situation Analysis

#### 1.1 Problem Statement

Lao PDR is a land-linked Least Developed Country in Southeast Asia. With sustained heavy investment in hydroelectric and transport infrastructure, high levels of headline GDP growth have been achieved over recent years, driving a transition from a low to a lower middle-income country. However, substantial development challenges remain, and progress in a number of fields needs to accelerate if the SDGs are to be met. The proportion of people living below the national poverty line has fallen from 39.1 percent in 1997, but remained high at 23.2 percent in the most recent survey in 2012, with widening inequalities.<sup>2</sup> Income poverty is lower amongst female- rather than male-headed households, but many other indicators, including literacy and health status, show particular disadvantages for women and girls.

Moreover, repeated shocks including flooding, and more recently the COVID-19 pandemic further threaten to undermine progress. Lao PDR confirmed its first cases in March 2020. The Ministry of Health has assessed Lao PDR as being at high risk during the pandemic, both because of close links to affected countries and limited capacity to cope with the outbreak. Policy responses including travel restrictions and a curfew will have important implications for development, but the full extent cannot be known at this time.

Lao PDR has very limited fiscal space to invest in accelerating progress and building resilience, with high levels of public debt and low levels of foreign reserves. Public sector spending restraint has contributed to a narrowing in the fiscal deficit from 5.9 percent of GDP in 2015 to 4.7 percent in 2018. However, the debt to GDP ratio still increased to 58 percent in 2019.<sup>3</sup> Maintaining debt stability has become increasingly challenging, with interest payments on borrowing alone accounting for 14 percent of recurrent expenditure in 2018.<sup>4</sup> The IMF considers Lao PDR to be at high risk of debt distress.<sup>5</sup> The appetite for additional Lao debt in the trans-national capital markets of Thailand is trending down. In January 2020, Lao Government debt was rated as B3 by international credit rating agency Moody's, well below investment grade. Moreover, Lao PDR is on track to graduate from LDC status as early as 2024, which could have implications for the scale and terms of concessional financing available.<sup>6</sup> Therefore, Lao PDR faces increasingly challenging circumstances for financing necessary development progress.

In this situation, the Government of Lao PDR has articulated its commitment to fiscal consolidation, and instructed all sectors to work harmoniously to ensure that planning and budgeting seamlessly integrate.<sup>7</sup>

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<sup>2</sup> World Bank, "Poverty Profile in Lao PDR", 2014

<sup>3</sup> World Bank, "Lao PDR Economic Monitor: Maintaining Economic Stability", August 2019

<sup>4</sup> Figures from Bank of Lao

<sup>5</sup> IMF, "Lao PDR Article IV Consultation Staff Report", 2019

<sup>6</sup> UN, "LDC Graduation Assessment", forthcoming

<sup>7</sup> Ministry of Planning and Investment, "Guidance Note: 2020 High- Level Round Table Meeting", Forthcoming



The Government has taken a number of important steps to control expenditure, raise revenue, manage debt, and so to support fiscal consolidation. This has included passing the 2018 Public Debt Management Law and approving the 2018 Public Procurement Law, as well as steps to improve revenue administration and contain spending. A far-reaching PFM reform based on the 2019 Public Expenditure and Financial Accountability assessment is driving budget transparency and optimization. These measures take valuable steps toward necessary fiscal stabilization, but do not on their own support improved efficiency in the use of resources in the pursuit of national priorities.

The apex national planning document, the 8<sup>th</sup> Five-Year National Socio-Economic Development Plan (NSED), will end in 2020. The mid-term review in 2018<sup>8</sup>, as well as the key policy recommendations agreed following the 2019 formal Round Table Meeting with development partners<sup>9</sup>, identified challenges and made recommendations to improve planning performance. They highlighted the need for closer links between planning, financing, and monitoring and evaluation to deliver on development ambitions despite challenges. Importantly, the 8<sup>th</sup> NSED was not costed, which was seen as limiting its effectiveness as a prioritization tool.

Work is now underway, led by the Ministry of Planning and Investment (MPI), to develop the 9<sup>th</sup> NSED. The Plan is expected to be endorsed in April 2021. The 9<sup>th</sup> NSED will cover a crucial period; entering the Decade of Action, likely to include Lao PDR's graduation from Least Developed Country status and covering half of the remaining time to achieve the SDGs.

As Lao PDR designs its overarching development strategy for the coming five years in the 9<sup>th</sup> NSED, there is therefore a clear need for the planning process to continue to evolve, building on lessons from past experiences, and to develop clear plans for how continued progress can be financed despite challenges. The 2019 IMF Article IV consultation concluded that 'a multi-year revenue mobilization strategy, public financial management reforms, and strengthening debt management are necessary for building the fiscal space for inclusive development.'<sup>10</sup>

To take this forward, at the annual formal Government consultation with development partners, the UN committed to supporting steps towards the eventual development of an Integrated National Financial Framework that would help keep track of progress towards development targets.<sup>11</sup>

In sum, Lao PDR has achieved important development progress over recent years and now stands on the eve of graduating from being a Least Developed Country. However, the country now enters a critical transition period under circumstances where continuing to finance progress is becoming ever more challenging, and risks slowing progress just as we enter the Decade of Action and the pace needs to be accelerated. The Government is fully committed to the 2030 Sustainable Development Agenda, which is thoroughly integrated into national plans, processes, and priorities, but without a clear strategy for how delivery of these ambitions can be adequately financed, results are likely to fall short of targets.

## **1.2 SDGs and targets**

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<sup>8</sup> Ministry of Planning and Investment, "Mid-Term Review of the Eighth National Socio-Economic Plan, 2016-2020", 2018

<sup>9</sup> Ministry of Planning and Investment, "Report and Proceeding: Round Table Implementation Meeting, Luang Prabang, 25-26 November 2019" forthcoming

<sup>10</sup> IMF, "Lao PDR Article IV Consultation Staff Report", 2019

<sup>11</sup> Ministry of Planning and Investment "Report and Proceeding: Round Table Implementation Meeting, Luang Prabang, 25-26 November 2019", forthcoming



The UNJP will work primarily through strengthening the means of implementation of the nationally owned SDG architecture, as articulated in the NSEDP and in line with SDG 17. Within this, the specific targets that the programme will make a measurable contribution to during the implementation period include 17.9, 17.14 and 17.5. The UNJP acknowledges that data for two of these indicators, 17.9 and 17.14, is not available or included in the 2018 Voluntary National Review (VNR). Nevertheless, after a detailed analysis of the activities under the proposal, in conjunction with the SDG indicators, these two indicators have a clear relevance to the initiative of enhancing targeted capacity-building to support national plans, as well as strengthening policy coherence for sustainable development.

- **17.9:** Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South and triangular cooperation.

At the global level, this target is measured by Indicator 17.9.1: Dollar value of financial and technical assistance (including through North-South, South-South and triangular cooperation) committed to developing countries from all donors for capacity building and national planning.

As of the 2018 Voluntary National Review, SDG indicator 17.9.1 is not localized and baseline data is not yet available. However, as a technical assistance initiative strengthening the national planning and financing processes, this UNJP will directly contribute to taking forward the substantive aim of SDG target 17.9.

To provide credible data, an independent evaluation will assess the extent to which the UNJP contributed to capacity building for the national planning process through technical support provided.

- **17.14:** Enhance policy coherence for sustainable development.

At the global level, this target is measured by indicator 17.14.1: Number of countries with mechanisms in place to enhance policy coherence of sustainable development. The methodology for measurement of this indicator is still under development.

The central objective of this UNJP is to support the government in making more efficient and effective use of available and potentially available development resources through improved policy coherence between planning and allocation decisions. The evaluation will assess the extent to which this was practically achieved through programme support in the specific areas identified as important for improving coherence between planning and resources.

- **17.15:** Respect each country's policy space and leadership to establish implement policies for poverty eradication and sustainable development.

Progress toward this target is tracked by SDG indicator 17.15.1: Extent of use of country-owned results frameworks and planning tools by providers of development cooperation. This UNJP will directly contribute to strengthening the national planning framework and improving capacity to align financing with national priorities. The planned evaluation will assess the extent to which support provided paved the way for providers of development cooperation to more clearly and efficiently align their support to the NSEDP.

Through the delivery of programme activities focused specially on the health sector, as a guide to approaches that could be adopted by other sectors, the programme will also contribute to the achievement of SDG 3- Ensure healthy lives and promote well-being for all at all ages- as a secondary outcome. In particular the project will contribute to strengthening the national development finance management architecture that can support improved progress on health. This is measures by SDG target:

- **3.C:** Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing states.

### **1.3 Stakeholder mapping and target groups**

The UNJP brings together the technical capacities of 5 UN agencies, funds, and programmes<sup>12</sup> to strengthen the national system for managing development finance in accordance with the NSEDP. Delivering this requires working with and buy in from a broad range of stakeholders. These can be divided into the national counterparts that play significant roles in the planning and resource allocation process, and other development partners that are either already implementing or planning related projects activities.

Key national stakeholders are:

#### ***Ministry of Planning and Investment (MPI)***

MPI is one of the two primary stakeholders. MPI chairs the main national vehicle to achieve the SDGs: the quinquennial NSEDP and the associated Round Table Process, which is made up of ten Sector Working Groups bringing together relevant Government and Development Partner counterparts around key development priorities. MPI also plays a central role in national planning for Lao PDR's graduation from LDC status. Within MPI, the UNJP will coordinate activities with both the Department of International Cooperation and the Department of Planning. UNDP has a close, longstanding partnership with MPI, and the former will lend technical support for the ministry, alongside its existing support to the drafting of the upcoming 9<sup>th</sup> NSEDP, to build a methodological approach to costing elements of the document.

#### ***Ministry of Finance (MoF)***

The other primary stakeholder for the UNJP is the Ministry of Finance (MoF). The MoF is responsible for Public Finance Management (PFM), budgeting, and taxation, with the goal of supporting national economic and social development. Each year, MoF leads an extensive process to determine budget allocations to each sector and ministry. The budget plan, after being endorsed by the National Assembly, is executed and the process closely monitored by MoF. To assist the government in gaining clarity over the amount spent on SDG targets, and make informed policy decisions, UNCDF, with over 15 years of partnership with MoF, will work closely with the Budget department and the Department of Fiscal Policy and Law to implement a system of SDG budget tagging.

#### ***Ministry of Foreign Affairs (SDG Secretariat)***

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<sup>12</sup> Three as full Partner UN Agencies (PUNOs): UNCDF, UNDP, and UNFPA; and a further two through partnerships with existing initiatives: UNICEF and WHO.

The Ministry of Foreign Affairs (MoFA) is responsible for all foreign relations, as well as hosting the national SDG Secretariat and chairing the National Steering Committee for the Implementation of the UN Action Plan for Least Developed Countries. The Minister of Foreign Affairs is the Government signatory to the Lao PDR- UN Partnership Framework. Within MoFA, the Department of International Organizations and the SDG Secretariat in particular, play important roles in facilitating the mobilization of resources to support the achievement the 2030 Agenda. As the bridge between national and international actors, including the UN, the Ministry increases policy coherence on SDG implementation among various actors under the framework of the National Socio-Economic Development Plan.

### ***Ministry of Health***

As the National health authority in Lao PDR, the Ministry of Health (MoH) is responsible for the overall governance of the health sector. It develops, approves, monitors and evaluates health policies, as well as implements programmes to improve the overall health of the population, in line with the National Health Plan. The MoH also has a regulatory and normative role.

Key Development Partner stakeholders are:

### ***World Bank***

As one of the leading development partners working on economic governance in Lao PDR, the World Bank works to assist the government in implementing public financial management (PFM) reforms through financing the new financial management information system and capacity building. The World Bank's extensive PFM programme covers budget formulation and execution, tax, and procurement. The Bank is also helping to prepare a Mid-Term Budget Framework, as well as working with the Ministry of Finance to draft a Prime Minister's decree to mandate improved coordination between MoF and MPI. Consultations with the World Bank indicate that the programme's planned activities to strengthen the national planning and development financing architecture would complement their existing activities, but regular consultations would be planned to ensure coherence.

### ***Delegation of the European Union to the Lao PDR (EU)***

The EU is one of Lao PDR's major development partners. Through the World Bank, the EU provided financial support to the Public Finance Management Reform Programme (2018-2022), which provided knowledge base for the PFM reform through extensive diagnostic work, stocktaking of the current PFM processes and capacity building. In particular, the Public Expenditure Financial Accountability Assessment, which analyzed the entire budget cycle from planning to execution, reporting and auditing, fed directly into the MoF's PFM strategy and has supported a national dialogue to call for PFM reform in the country. This programme will ensure close collaboration and consultations with the EU to seek synergies in PFM reform initiatives and share vital statistics to maximize impact.

## 2. Programme Strategy

### 2.1. Overall strategy

The joint programme will take place at a critical moment in the implementation of ongoing national reforms and policy actions that will have a substantial impact on Lao PDR's ability to meet its SDG objectives over the next ten years. During 2020, the Government is: (i) developing the 9th NSEDP, that sets out a five-year development plan and (ii) undertaking a far-reaching reform of the public financial management system that includes upgrading and modernizing the financial system to comply with international standards and optimizing budget management through the introduction of a country wide Integrated Financial Management Information System (IFMIS).

These two key national processes are the anchor points for the joint programme, and offer a unique set of opportunities that the programme will use to support the Government in the development of a more efficient, effective, and robust national architecture for the management of development finance, supporting continued development progress in spite of the challenging funding environment and repeated shocks.

Practically, the programme will bring new resources and a global network of knowledge to take concrete steps forward toward developing an Integrated National Financing Framework (INFF) in line with the Government's objectives and the UN's commitments.<sup>13</sup>

Through providing technical advisory support to complement government initiatives and other development partners projects, the joint programme will fill important gaps to:

1. Support the development of a Financing Strategy for the 9<sup>th</sup> NSEDP. This will include data collection and analysis to identify financing trends and opportunities using the well-defined Development Finance Assessment methodology. It will include an analysis of the tools being used by the Government to attract private investment, how to make that investment more sustainable and gender sensitive, and how to enhance the attraction of private finance opportunities to help realise the SDGs through the 9<sup>th</sup> NSEDP. This will be led by the MPI, with support from UNDP;
2. Develop a context-appropriate methodology and build capacity to cost NSEDP plans. This responds to a specific expectation for the 9<sup>th</sup> NSEDP, and will be led by MPI, with technical support from UNDP. This will include reviewing available approaches to costing national plans, available data, and working with national counterparts to develop an approach that meets the need to bring in costing approaches and capacities to government processes, but remains practically feasible;
3. Integrate SDG Budget Tagging into the revised national Chart of Accounts (CoA). This will include developing an IPSAS compliant SDG-aligned CoA and an SDG expenditure and revenue tagging methodology – disaggregated by sector, geography and gender – for the customization of the Integrated Financial management Information System (IFMIS) that is under procurement. This work will be led by the Ministry of Finance, with technical support from UNCDF; and,
4. Develop a model investment case for the health sector, which can demonstrate an evidence-based approach to making budget prioritization decisions in the context of ongoing Public Finance Management reforms. This work will be led by UNFPA, working closely with MPI and the Ministry of Health. UNICEF and WHO will also partner in this

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<sup>13</sup> Ministry of Planning and Investment, "Report and Proceeding: Round Table Implementation Meeting, Luang Prabang, 25-26 November 2019" forthcoming

component to ensure alignment with existing initiatives and to share technical expertise.

The programme will weave together a mix of proven tools such as those used in the Development Finance Assessment (DFA), as well as the IMF and UN ESCAP SDG costing solutions, with innovations that address PFM reforms and sector-wide costing methodologies currently being developed. Therefore, whilst the initiative will include new innovations in specific areas of work and tailor them to the local context (budget tagging and sector wide costing methodologies), the programme will build upon and update, where necessary, a solid foundation of proven activities and products, one such benchmark being the DFA snapshot already completed in 2017.<sup>14</sup>

In developing the model investment case for the health sector, the programme will also take advantage of the forthcoming results of a multi-donor costing exercise of the Essential Health Service Package (EHSP) to prompt further prioritization and sequencing of Health Sector Reform in alignment with the 9<sup>th</sup> NSEDP. This will be done through the development of an evidence-based investment case to inform prioritization of public investment decisions in the health sector, as a pilot to demonstrate the approach for other sectors. The health sector was chosen by UNCT for this proposal because of the high priority given to it by government in the context of service delivery, graduation and SDG commitments. In addition, three UN agencies are seamlessly working in this area enabling a combination of a succinct set of skills to be harnessed to address critical budgeting issues.

Therefore, the project will provide technical inputs to (i) enable the government to reach greater levels of efficiency in terms of public sector spending and prioritizing, allowing for better use of available resources in reaching targets (ii) optimize government expenditure and revenues using modern integrated PFM information systems to improve predictability and expenditure and revenue tracking. Through the application of these two strategic approaches, current available budgets will be better executed so to internally generate and inject resources into lagging SDG areas and in response to shocks.

The UN development system in Lao PDR operates as a trusted partner for the government operating across a broad range of technical areas and co-chairing the annual formal process of development partner consultations alongside the government. Other development partners have deep technical expertise and substantial programming on PFM reform in Lao PDR. This joint programme engages the UN in the PFM reform process by using strong relationships with government counterparts, partnership arrangements, and specific technical capacities to complement the PFM reform work of other development partners, drawing clear links to the broader development planning architecture.

The activities planned under this programme are all fully aligned with government policy and operations. Leadership and sustainability has been inbuilt from the initial stakeholder dialogues to carefully adapt the beginnings of an INFF process that has identified a minimal set of activities that will support the generation of a financing strategy for the 9<sup>th</sup> NSEDP, and introduction of SDG tagging of the new CoA and associated IFMIS reporting capabilities.

In essence, the programme localizes the Secretary General's SDG financing strategy objective to enhancing sustainable financing strategies and investments at the regional and country levels, working specifically to develop and implement sustainable and predictable SDG

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<sup>14</sup> UNDP, "Development Finance Assessment Snapshot: Lao PDR", input into the 2017 ASEAN-China-UNDP Symposium on Financing the Sustainable Development Goals in ASEAN

financing strategies and costing forecasts from the perspective of the national budget and the 9th NSEDP.

## 2.2 Theory of Change

2020 is a pivotal year for Lao PDR as it seeks to: (i) develop the five-year plan, the 9th NSEDP, from which a Medium Term Expenditure Framework (MTEF) budget will be derived; (ii) undertake far-reaching reforms of the public financial management system; (iii) grapple with the impact of the COVID-19 pandemic; and (iv) start putting in place the building blocks for its graduation from LDC status potentially as early as 2024, which will likely include prioritizing the use of ODA and concessional finance to enhance domestic resource mobilization efforts and exploring institutional development partner coordination mechanisms that are more aligned to more advanced developing country contexts. The key policy recommendations from the 2019 formal Round Table Meeting noted the need for closer links between planning and financing; some of the building blocks for which are the costing of key priorities and mapping of financing options in the context of its evolving development finance landscape.

The joint programme's theory of change recognizes the challenges faced by Lao PDR in accelerating progress toward the SDGs in the current development context, but also recognizes the strategic opportunities which call for a shift from business as usual if the various building blocks of the financing architecture and strategy are to fall into place. The joint programme will deliver coordinated technical assistance, integrated with other initiatives of the Government, other development partners, and the UN, to strengthen the national architecture for managing development finance. By doing this, it will support Lao PDR in making more efficient and effective use of increasingly scarce development finance, at a moment when development progress needs to be accelerated if the SDG targets are to be achieved, and graduation from Least Developed Country status is not to undermine achievements. In turn, this will contribute to increased Government capacity to focus resources on priorities and in response to changing circumstances, and so ultimately to faster progress toward achievement of national development priorities.

The core premise of the theory of change is **IF** the UN coordinates to deliver specific strategic technical support to reinforce the strengthening of the national financial management architecture as part of the development of the 9th NSEDP and ongoing PFM reforms, **THEN** Lao PDR will be able to make more efficient use of scarce finance to accelerate progress towards and manage shocks to achieving the SDGs **AND** tap into any additional resources which can be attracted **BECAUSE** the system will allow more transparent, accurate and timely mapping of resources to national priorities.

The theory of change involves two inter-connected workstreams, leading to two outputs, in turn making strategic contribution to the Joint SDG Fund outcomes of leveraging multi-sectoral solutions in terms of scale and scope. The Joint Programme Outputs are:

### **Output 1- SDG-aligned financing strategy for the NSEDP strengthened.**

Activities in support of this output adapt key elements of the INFF process to support the generation of a financing strategy to support the 9<sup>th</sup> NSEDP. Activities include both system-level support as well as a deep-dive support to health-sector financing, which is a priority. More specifically, this includes; (i) the generation of anew, thorough assessment of development financing trends and opportunities in light of the changes in the development landscape, with attention to innovative financing mechanisms and private sector engagement; (ii) development of a sector-wide costing methodology; (iii) developing an investment case to enhance human capital through health



investments in Reproductive Maternal Neonatal and Child Health, including adolescent health and nutrition, to prompt further evidence-based prioritization and sequencing of health sector reform in alignment with the 9th National Socio-Economic Development Plan (serving as a model approach that could be adopted by other sectors); and (iv) formulation of an NSEDP financing strategy informed by development finance assessment.

### **Output 2- Greater optimization of budget expenditure to achieve the SDGs.**

Activities in support of this will develop a tailored methodology that allows revenue and expenditure to be allocated to NSEDP and SDG targets, including an expenditure and revenue tagging system, in full partnership with the World Bank and the European Union<sup>15</sup>. The budget tagging system would become an embedded part of the annual budgeting system and would continue to guide budget allocations beyond the joint programme.

Together, these two outputs contribute to the broader development outcome of a more efficient and optimized national development financing architecture in Lao PDR, supporting the continued evolution of the NSEDP from an aspirational blueprint to a comprehensive strategic plan inclusive of the financing of priority areas that place particular emphasis on lagging SDGs. This will support accelerated progress toward the achievement of national development ambitions and foster increased confidence in national systems that will facilitate greater potential to leverage multi-sectoral solutions in terms of scale and scope.

Importantly, the programme will also support the development of a new public sector budget environment for gender budgeting, following near neighborhood examples such as Thailand and international best practice. This will allow ministries to develop budget proposals with gender equality as primary objective, budget proposals which indirectly impact gender equality, and formulate gender neutral budget proposals.

Threaded throughout the theory of change will be a continual investment into human capital, whereby a majority of the activities will be implemented through direct co-working and mentoring of government counterparts, thereby building sustainability at policy and functional levels within government.

For this theory of change to play out, assumptions underpinning the causal chain from programme activities to development outputs are:

A1: The DFA and NSEDP financing strategy is able to identify sufficient opportunities for the mobilization of development finance to meet the targets set out in the 9th NSEDP and articulate achievable strategies for resource mobilization.

A2: An NSEDP costing methodology can be developed based in existing data availability that is both sufficiently accurate to usefully inform decision making, and that national capacity can be built to make ongoing use of during the programme implementation period.

A3: The approach used to developing the model investment case for parts of the health sector is replicable in other sectors, and is broadly seen by Sector Working Groups and national decision makers as a useful input into budget allocation decisions.

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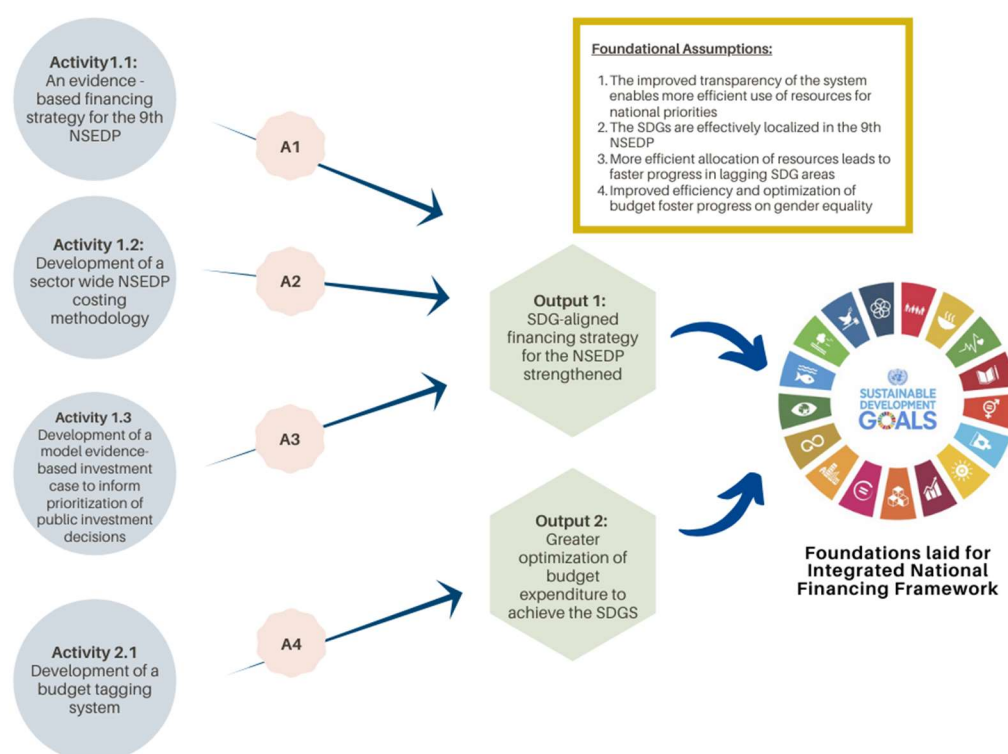
<sup>15</sup> UNCDF have an agreed partnership with the World Bank (Bangkok) and the EU Delegation (Lao PDR) to introduce an IPSAS compliant COA and map the codes to SDGs to develop a contribution algorithm to be deployed within the new IFMIS.



Further foundational assumptions underpinning the theory for how these outputs lead to the envisaged development outcomes are:

- I. The improved transparency of the system for managing development finance is used by national decision makers to focus resources more efficiently on national priorities.
- II. The SDGs are effectively localized in the 9<sup>th</sup> NSEDP.
- III. More efficient allocation of resources toward national priorities leads to faster progress in lagging SDG areas.
- IV. Gender remains a high priority issue for national decision makers and therefore the improved efficiency and optimization of the budget to meet development objectives supports faster progress on gender equality.

**Figure 1: Theory of Change Graphic**



## 2.3 Expected results by outcome and outputs

The joint programme will enhance financing for development in Lao PDR through the delivery of four broad activities, leading to two development outputs, which in turn strengthen the national institutional architecture to make achievement of the Joint SDG Fund outcomes of leveraging multi-sectoral partnerships to finance progress towards the SDGs more possible in Lao PDR.

**Output 1- SDG-aligned financing strategy for the NSEDP strengthened.** Using greater information about the costs of reaching national development targets, will result in more transparent, evidence-based prioritization of goals towards the 9<sup>th</sup> NSEDP. This in turn will

equip the Government with better tools to make decisions about how to allocate scarce resources.

**Activity 1.1: An evidence-based financing strategy for the 9th NSEDP.** This will include a Development Finance Assessment (DFA) to examine the full range of financing trends and opportunities (public, private, domestic, and international), drawing on all relevant available up-to-date data, and in turn make recommendations for a financing strategy; this will include considerations on attracting sustainable and inclusive private investment through investment promotion and facilitation, tax incentives or PPP frameworks. In particular, the assessment is expected to include analysis of the potential for investments as part of the Belt and Road Initiative, and opportunities for integration into ASEAN, as part of developing a roadmap of key financing solutions to be taken forward.

Following this, the programme will develop a high-level strategy for financing the 9<sup>th</sup> NSEDP – which will continue to be used by the Government beyond the joint programme – identifying policies to make use of available financing opportunities and manage shocks, and a practical roadmap towards implementing them.

**Activity 1.2: Development of a sector wide NSEDP costing methodology** that reflects data availability and national institutional structures. This will draw on lessons from other development costing exercises, in particular by the IMF and UN ESCAP, but tailor an approach to the Lao context.

This activity will include not only the development of an appropriate methodology, but also capacity building within MPI to implement and manage the tools – as part of the ongoing UN and UNDP support to MPI – beyond the joint programme to help improve decision-making and the efficient use of resources. As the secretariat to the Sector Working Groups, MPI would then be in a position to disseminate the approach to all the sectors responsible for developing and implementing plans under the NSEDP, and ensure consistent application.

UN support for Activity 1.1 and Activity 1.2 will be led by UNDP, and complement support already being provided to the formulation of the 9th NSEDP by the UN.

**Activity 1.3: Development of a model evidence-based investment case to inform prioritization of public investment decisions,** that in this specific case, supports the advancement of gender equality and women's rights, and at the same time can be replicated in different sectors, contributing with the analysis of budget's differing impacts on men and women, and promoting a financial resource allocation accordingly.

This will be done through the development an investment case to enhance human capital through health investments in Reproductive Maternal Neonatal and Child Health (RMNCH), including adolescent health and nutrition, to prompt further evidence-based prioritization and sequencing of health sector reform in alignment with the 9th National Socio-Economic Development Plan (serving as a model approach that could be adopted by other sectors); One-Health-Tool and LiST will be referenced and adapted to create a simple fit for purpose methodology specifically for the health sector, but which can be replicated across other budget sectors.

UN support for Activity 1.3 will be led by UNFPA, with additional support provided through alignment of existing WHO and UNICEF initiatives.

**Output 2- Greater optimization of budget expenditure to achieve the SDGs.** As a result of clearer tracking of public expenditure to goals articulated in the NSEDP, which integrate the localized SDGs, available resources can be more accurately targeted to the highest national priorities. The UNJP will support progress toward this output through the delivery of one broad Activity:

**Activity 2.1: Development of a budget tagging system.** This will involve the development of a tailored methodology that allows revenue and expenditure to be allocated to NSEDP targets, which in turn have mainstreamed the SDGs. This will include mapping NSEDP/SDG and national Chart of Account revenue and expenditure relationships, and customization of the Integrated Financial Management Information System that Lao PDR is currently preparing for procurement of to ensure encoding of policy. The methodology will be converted into a practical application through; (i) the generation and approval of two policy papers and associated MoF 3rd tier regulations that implement the budget law.

This will allow tagging of all revenue and expenditure through the government budget to both a primary NSEDP/SDG focus area, and a secondary one as appropriate. Moreover, it will support disaggregated NSEDP/SDG expenditure and revenue reporting by sector, geography, and gender. The budget tagging system would become an embedded part of the annual budgeting system and would continue to guide budget allocations beyond the joint programme. UN support for Activity 2.1 will be led by UNCDF.

### **Gender Sensitivity of Results**

All programme activities reflect gender considerations, with the overall aim of ensuring that information learned and the eventual efficiencies gained in national and sectoral planning and budgeting allow for a clearer understanding of where the challenges lie and where improvements in gender-focused planning can be made. Fundamentally, the joint programme aims to improve the efficiency with which the Government of Lao PDR can pursue agreed development objectives. These include a commitment to improving gender equality under SDG 5. Therefore, to the extent that the programme is successful in increasing the efficiency and effectiveness of allocation of resources, and improved gender equality remains a priority, the initiative would indirectly contribute to accelerated progress on SDG 5. This will be assessed as part of the UNJP independent evaluation.

The design of the joint programme has included careful consideration of how gender considerations can be factored into each Output area more directly. Aspects of the design that support progress on the Government and UN's shared commitment to improving gender equality include:

1. Specifically seeking gender-disaggregated data during analysis for the Development Finance Assessment, thereby seeking to maximize the extent to which conclusions are gender-informed, subject to the available data.
2. Introduction of a new government chart of accounts that is compliant with international standards and which will include specific COAs to account for public expenditures and revenues for women.
3. Prioritizing RMNCH for development of the investment case to support budget allocation decisions. Whilst this is intended to pilot an approach that could ultimately be adopted in other sectors, the initial focus is expected to support progress in an area with important gender equality implications.

## 2.4 Budget and value for money

### Value for Money Strategy

The joint programme has been designed to tackle an important constraint to accelerating progress on the SDGs during a critical period in an efficient way, by making use of the UN Development System's combined strengths and drawing on existing technical capacities and ongoing work. This includes the UN's existing work as the leading development partner supporting MPI in the development of the 9<sup>th</sup> NSEDP (led by UNDP), UNCDF's existing support to MoF on the procurement of a new integrated financial management information system, UNFPA's work (in partnership with others) on developing unit costs for health interventions, and WHO's work with the Ministry of Health to cost a package of basic health system services.

The joint programme formally brings together three UN agencies and funds (UNDP, UNCDF, and UNFPA) that offer different specializations, and which work within different sectors. In addition, two other UN Agencies (WHO and UNICEF), whilst not engaging as PUNOs, will collaborate through existing initiatives.<sup>16</sup> Through the programme, efforts will be coordinated and integrated to improve the tools available to Government to make efficient use of all currently and potentially available development finance towards the goals set out in the NSEDP. Therefore, even though the total value of the programme is very small compared to Lao PDR's development needs, it is expected to have an outsize impact.

This is possible because, the programme builds on the opportunities created by other government and development partners' initiatives. For example, by aligning with plans already in place and support already being provided to reform of the PFM system, the programme will be able to create an SDG budget tagging framework, without incurring the full cost of developing an entirely new financial management system.

In its implementation, the joint programme will also draw on regional expertise to support in-country capacity in delivery of activities, through the UNDP Bangkok Regional Hub. This approach allows access to specialists with deep technical capacity, without the need to recruit full time staff, or incur delays recruiting external consultants unnecessarily.

This approach to building from existing work both reduces the necessary start up time for the programme, allowing it to deliver substantive, highly technical outputs even within a 24-month timeframe.

All programme activities will work to strengthen the national structure for the governance of development finance. Therefore, development impact is expected to continue long after the delivery of all programme activities has been completed, through the improved efficiency of the use of development finance opportunities.

The programme's activities, for example SDG budget tagging, will offer a clearer picture of the prioritization of gender in national budgeting, providing a lasting gender-informed analysis of areas where action can be directed for the most improvement. Importantly, by improving the optimization and efficiency of the budget, and in turn creating more fiscal space for the issue, the programme is well placed to act as a multiplier for the existing efforts of the Government and stakeholders towards gender equality.

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<sup>16</sup> The cost of existing initiatives are not counted towards project co-financing.

The total cost of this joint programme is USD 1,040,170 over 24 months. Of that, USD 900,170 will be financed by the SDG Joint Fund, with the balance made up by in-kind contributions from PUNOs (UNDP, UNCDF, and UNFPA).

As a programme focused primarily on the provision of technical assistance to support Government processes, the largest budget lines relate to staff and other personnel, and contractual services. To manage these costs, all three PUNOs will make extensive use of existing capacity within regional hubs (see section 2.5) to reduce the need to recruit external consultants, and where consultants are required to draw on established rosters where possible.

## **2.5 Partnerships and stakeholder engagement**

### **Government Leadership**

Whilst the joint programme is centered on the delivery of technical assistance by the UN Development System, it has been designed to ensure Government leadership and oversight throughout the process. The programme will strengthen the systems for the management of the public sector budget, therefore all activities are designed to reinforce MPI and MoF's existing structures and processes.

At the strategic level, the 9<sup>th</sup> NSEDP will be the apex planning document articulating national priorities and development strategies over the coming five years. The development of the NSEDP follows a thorough consultation and review process and is ultimately endorsed by the highest levels of Government in the National Assembly and Party Congress. Therefore, by tying support provided under this programme directly to strengthening the implementation of the NSEDP, the design ensures alignment with Government priorities.

Detailed governance arrangements demonstrating how practical Government oversight will be ensured during the programme's implementation are set out in section 3.1.

### **Participating Agencies and the UNCT**

The UN Country Team in Lao PDR includes a mix of agencies, funds, and programmes with full representation in country, those that operate from regional hubs in neighboring countries, and those that provide support from global headquarters. Given the importance of the NSEDP for the work of all UN support in Lao PDR, the UN Resident Coordinator is leading a process of providing coordinated support to the Government. This coordinated initiative will provide a strong foundation for this joint programme, which will support the apparatus for the implementation of the NSEDP, to continue to draw on advisory inputs from UNCT members beyond those directly participating in the delivery of the programme.

All PUNOs have been included on the basis of their substantive technical capacity (both in-country and in regional hubs, see below) and existing areas of work. UNDP has a strong working relationship with MPI and is facilitating integrated UN support to the process of developing the 9<sup>th</sup> NSEDP on behalf of the UNCT. At the regional level, UNDP has also built strong technical capacity to support analytical work on development financing, which has included undertaking a Development Finance Assessment snapshot in Lao PDR in 2017, on which this programme will build.

UNCDF has developed a good working relationship with the MoF, World Bank, and EU, which positions it well to engage constructively in the highly technical area of PFM reform. Extensive discussions with key stakeholders have identified that specific technical area of NSEDP/SDG

budget tagging as a unique value add that UNCDF could provide, as part of the broader reform of the national PFM system.

UNFPA has built a strong track record in Lao PDR for analytical work to support policy change. This has included the Lao PDR 2030 study in 2019, which analyzed key demographic trends to illustrate the challenges and opportunities associated with the expected changes in Lao PDR's age structure. This programme will build on that work to support the development of an evidence-based investment case for investments in health to support Government priority setting. Work undertaken by UNFPA as part of this programme will fully align with and draw in relevant WHO and UNICEF initiatives, thereby also bringing in their deep technical expertise.

### **Support from the Regional UN Development System**

The delivery of the technical support anticipated under this joint programme will require all three PUNOs to draw on specific expertise based in regional hubs.

UNDP's Bangkok Regional Hub has developed global expertise in analysis and policy on development financing, including developing the methodology for Development Finance Assessments and piloting the first approaches to Integrated National Financing Frameworks.<sup>17</sup> The Bangkok Regional Hub will provide technical support and oversight of UNDP technical work under both Activities 1.1 and 1.2, supporting the UNDP country office.

UNCDF maintains a country office in Lao PDR, but also operates a model of regional technical advice. The UNCDF Regional Technical Advisor for ASEAN and the Pacific has been closely involved in the development of the programme and will play a major role in the delivery of UNCDF activities under Activity 2.1.

UNFPA maintains a full country office in Lao PDR. However, the specific technical support planned under this programme will also draw on specialized capacity from the UNFPA Asia and Pacific Regional Office. In particular, the regional Technical Adviser on Health Economics has been closely involved in the development of this programme and will play a substantive role in the delivery of programme activities under Activity 1.3.

### **Strategic Partnerships with Other Partners**

The design this joint programme has built on PUNOs' understanding of the key stakeholders in their respective fields, but also included a process of consultation to refine and validate conclusions. This informed the theory of change, which identified the most important entry points for UN support to reinforce the national institutional structure for the management of development finance. This approach also allowed for the mapping of the key relevant development actors, including international financial institutions, to be undertaken and for activities to be developed that build on existing work.

The mapping has been translated into a partnership engagement strategy that is based, in a similar manner to the PUNO composition, on sector leadership and competency. Thus, for each of the four Activities, specific partners have been identified that will have an influence on the implementation of the joint programme and quality of the results. These critical

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<sup>17</sup> For example, see the Solomon Islands Integrated National Financing Framework, developed as a partnership between the Government of the Solomon Islands and UNDP, with technical support from the Bangkok Regional Hub.

partners have been consulted and will be involved in programme delivery through technical exchange, partnerships, and provision of advisory for topical Steering Committee meetings.

As a major partner to the Government on PFM reform, and a key advocate of the need to strengthen the link between planning and budgeting, the EU will be a key stakeholder for this project. In particular, UNCDF will work closely with the EU-funded World Bank PFM reform project in the delivery of programme activities in support of Activity 2.1 (on budget tagging).



### 3. Programme implementation

#### 3.1 Governance and implementation arrangements

##### Governance

Strategic oversight of implementation will be exercised by a Programme Steering Committee. To ensure Government leadership recognizing that the programme will reinforce national systems through support to the 9<sup>th</sup> NSEDP, this will be chaired by a senior representative from the Ministry of Planning and Investment. Recognizing that this is a joint programme bringing together several UN agencies and funds, the UN Resident Coordinator (or designate) in Lao PDR will act as co-chair.

Regular Members of the Steering Committee will include:

- Representatives from the Ministry of Finance and Ministry of Health as Government ministries overseeing areas of programme activities;
- Representatives from UNDP, UNCDF, and UNFPA as PUNOs; and
- Representatives from WHO and UNICEF as broader UN partners for the project.

The Ministry of Planning and Investment, as the lead Ministry for the joint programme, will act as Secretariat with support from UNDP as the convening UN agency.

Any necessary ad-hoc advice will be sought by the Steering Committee through invitation to relevant government line ministries and development partners.

All proposals, activities and outputs that require policy, regulatory or project activity-based decisions will be submitted to the Steering Committee by respective PUNOs, in consultation with national counterparts, within their agreed operational areas, as defined by this Joint Programme Document.

Each PUNO, through the course of their work, will gather and consult with relevant actors to generate, where necessary, such proposals to the Steering Committee for consideration. Thus, the role of each PUNO in the decision-making process related to the implementation of the joint programme will be as a “sector” lead that represents each of its associated stakeholders and counterpart institutions, including relevant additional UN agencies, funds, and programmes.

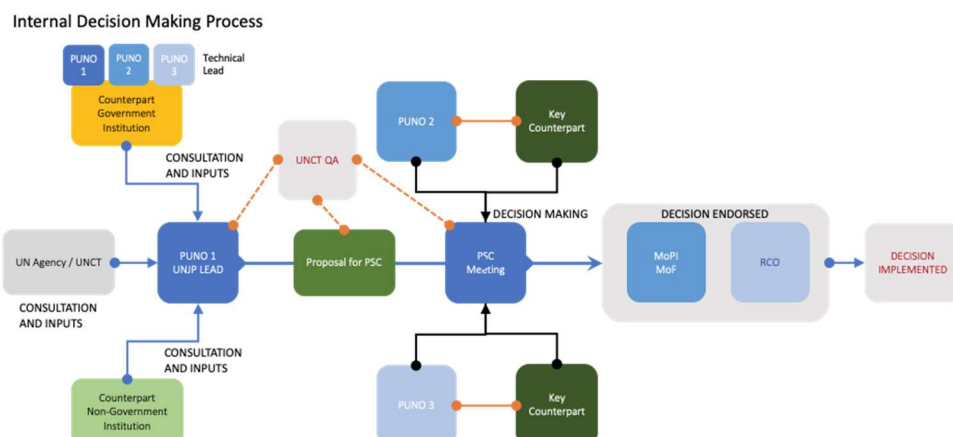
This approach will result in full Government oversight and control of activities delivered as part of the programme, whilst managing the burden placed on Government officials regarding day-to-day programme management. This is particularly important given the emphasis on the provision of technical support in the programme, which will require full alignment with Government priorities and needs on an ongoing basis.

Ordinarily, the Steering Committee will meet on a 6-monthly basis during the implementation of the programme, with additional meetings called as considered necessary by the chair and co-chair, or their delegates.

All Steering Committee decisions will aim to be made by consensus, but as a minimum will require endorsement by both the Chair and Co-Chair.

The process for consultation and decision making through the Steering Committee is set out in the following flow chart:

**Figure 2: Internal Project Decision-Making Process**



## Implementation Arrangements

The programme will be implemented using the Direct Implementation Modality (DIM). This approach will make most efficient use of available time and resources for three key reasons. Firstly, the activities outlined in the proposal to reach the key aims of improved efficiency of SDG financing and greater optimization of budget expenditure require access to global thinking and expertise at the forefront of the development finance and public budgeting fields, which the PUNOs can offer. Secondly, the timeframe to complete activities under this fund is short, thus making the more streamlined DIM option preferable to achieve the speedy progress required. Finally, the broad reach of the UN family in Lao PDR puts the PUNOs in a prime position to work smoothly with the Government, across many departments, helping coordinate steps towards the successful implementation of the various activities, and in turn helping the Government lay the build blocks of the Integrated National Financial Framework committed to at the 2019 Round Table meeting. This approach is the same as that taken with the joint UN project on social protection currently being implemented in partnership with the Ministry of Labor and Social Welfare, also funded by the Joint SDG Fund.

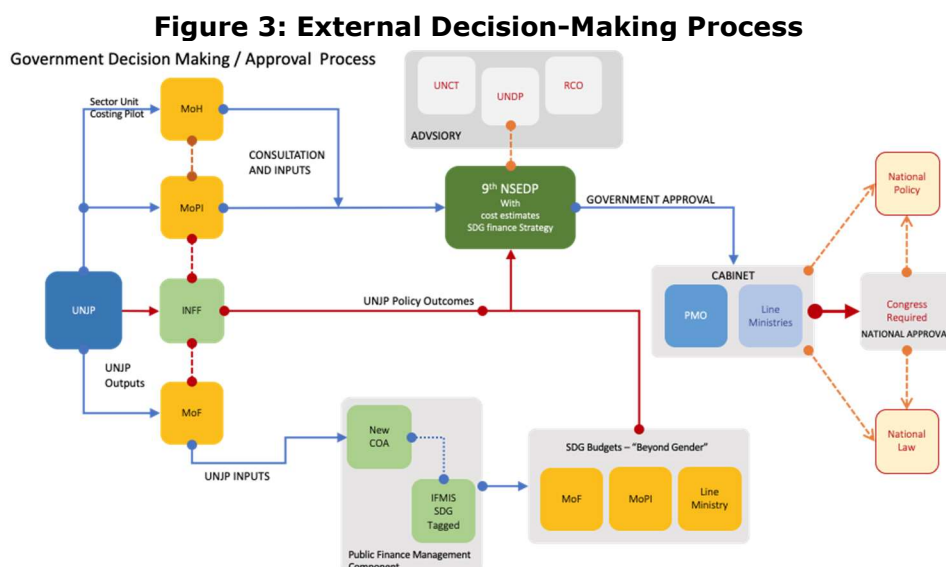
The broader Government decision-making process that the programme sets out to support is not within the control of the joint programme but is crucial if anticipated results are to be achieved. As set out in the theory of change, the programme will be responsible for adequate delivery of anticipated outputs, and the Government's decisions for the translation of those into outcomes.

Therefore, the design phase has invested considerable effort in mapping and understanding the process of Government decision making with respect to development finance and how it could most effectively be supported. This has informed decisions about the key stakeholders the joint programme will work with, and the set of activities that are identified as most important to strengthen the efficiency and effectiveness of the development financing architecture, in a way that will be sustained beyond the programme lifetime.

All programme activities will include a consistent emphasis on supporting the development of Government capacity, in line with the objective of leading to strengthened national systems and capacity to manage development finance. It will work with existing structures and processes, particularly those surrounding the development of the 9<sup>th</sup> NSEDP, associated

Sector Working Groups, and ongoing PFM reforms, rather than creating any parallel processes.

The following flow chart sets out a simplified map of key elements of the decision-making process, and how the programme aims to support the process:



## 3.2 Monitoring, reporting, and evaluation

Reporting on the Joint SDG Fund will be results-oriented, and evidence based. Each PUNO will provide the Convening/Lead Agent with the following narrative reports prepared in accordance with instructions and templates developed by the Joint SDG Fund Secretariat:

- *Annual narrative progress reports*, to be provided no later than one (1) month (31 January) after the end of the calendar year, and must include the result matrix, updated risk log, and anticipated expenditures and results for the next 12-month funding period;
- *Mid-term progress review report* to be submitted halfway through the implementation of Joint Programme<sup>18</sup>; and
- *Final consolidated narrative report*, after the completion of the joint programme, to be provided no later than two (2) months after the operational closure of the activities of the joint programme.

The Convening/Lead Agent will compile the narrative reports of PUNOs and submit a consolidated report to the Joint SDG Fund Secretariat, through the Resident Coordinator.

The Resident Coordinator will be required to monitor the implementation of the joint programme, with the involvement of Joint SDG Fund Secretariat to which it must submit data and information when requested. As a minimum, joint programmes will prepare, and submit to the Joint SDG Fund Secretariat, 6-month monitoring updates. Additional insights (such as policy papers, value for money analysis, case studies, infographics, blogs) might need to be provided, per request of the Joint SDG Fund Secretariat. Joint programme will allocate resources for monitoring and evaluation in the budget.

<sup>18</sup> This will be the basis for release of funding for the second year of implementation.

Data for all indicators of the results framework will be shared with the Fund Secretariat on a regular basis, in order to allow the Fund Secretariat to aggregate results at the global level and integrate findings into reporting on progress of the Joint SDG Fund.

PUNOs will be required to include information on complementary funding received from other sources (both UN cost sharing, and external sources of funding) for the activities supported by the Fund, including in kind contributions and/or South-South Cooperation initiatives, in the reporting done throughout the year.

PUNOs at Headquarters level shall provide the Administrative Agent with the following statements and reports prepared in accordance with its accounting and reporting procedures, consolidate the financial reports, as follows:

- Annual financial reports as of 31st December each year with respect to the funds disbursed to it from the Joint SDG Fund Account, to be provided no later than four months after the end of the applicable reporting period; and
- A final financial report, after the completion of the activities financed by the Joint SDG Fund and including the final year of the activities, to be provided no later than 30 April of the year following the operational closing of the project activities.

In addition, regular updates on financial delivery might need to be provided, per request of the Fund Secretariat.

After completion of joint programmes, a final, *independent and gender-responsive*<sup>19</sup> *evaluation* will be organized by the Resident Coordinator. The cost needs to be budgeted, and in case there are no remaining funds at the end of the joint programme, it will be the responsibility of PUNOs to pay for the final, independent evaluation from their own resources.

The joint programme will be subjected to a joint final independent evaluation. It will be managed jointly by PUNOs as per established process for independent evaluations, including the use of a joint evaluation steering group and dedicated evaluation managers not involved in the implementation of the joint programme. The evaluations will follow the United Nations Evaluation Group's (UNEG) Norms and Standards for Evaluation in the UN System, using the guidance on Joint Evaluation and relevant UNDG guidance on evaluations. The management and implementation of the joint evaluation will have due regard to the evaluation policies of PUNOs to ensure the requirements of those policies are met and the evaluation is conducted with use of appropriate guidance from PUNOs on joint evaluation. The evaluation process will be participative and will involve all relevant programme's stakeholders and partners. Evaluation results will be disseminated amongst Government, development partners, civil society, and other stakeholders. A joint management response will be produced upon completion of the evaluation process and made publicly available on the evaluation platforms or similar of PUNOs.

UNDP, as lead agency, and in line with its Evaluation Guidelines pertaining to joint evaluations, will specifically do the following as part of the joint final independent evaluation process:

- Create an evaluation plan to be endorsed by the Resident Representative and fellow PUNOs. The approved plan will then be reflected in the Evaluation Resource Centre (ERC site), which is a public resource to enhance transparency

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<sup>19</sup> [How to manage a gender responsive evaluation, Evaluation handbook](#), UN Women, 2015

<https://erc.undp.org/evaluation/units/155>. All evaluations, including budget, expenditure, final report, management response are posted and tracked in this website;

- Lead the development of the evaluation TOR in consultation with PUNOs, relevant government ministries and other stakeholders. UNDP will endeavour to secure agreement from the outset among PUNOs about the roles and responsibilities of each agency at each stage of the joint final evaluation process;
- Establish a joint evaluation steering group for, among others, procuring a team of independent evaluation managers to undertake the final evaluation. UNDP procurement procedures will be applied;
- Lead the management the evaluation process in conjunction with the Resident Coordinator and other PUNOs with joint UN Agencies. Standard procedures of evaluation are: 1) sharing documentation to the evaluation managers for desk review; 2) review the inception report; 3) create a field mission plan; 4) review the draft report; 5) provide comments and correct any factual errors (if any); and 6) accept a final report.

### **3.3 Accountability, financial management, and public disclosure**

The Joint Programme will be using a pass-through fund management modality where UNDP Multi-Partner Trust Fund Office will act as the Administrative Agent (AA) under which the funds will be channeled for the Joint Programme through the AA. Each Participating UN Organization receiving funds through the pass-through has signed a standard Memorandum of Understanding with the AA.

Each Participating UN Organization (PUNO) shall assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent of the Joint SDG Fund (Multi-Partner Trust Fund Office). Such funds will be administered by each UN Agency, Fund, and Programme in accordance with its own regulations, rules, directives and procedures. Each PUNO shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent.

Indirect costs of the Participating Organizations recovered through programme support costs will be 7%. All other costs incurred by each PUNO in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs.

Funding by the Joint SDG Fund will be provided on annual basis, upon successful performance of the joint programme.

Procedures on financial transfers, extensions, financial and operational closure, and related administrative issues are stipulated in the Operational Guidance of the Joint SDG Fund.

PUNOs and partners must comply with Joint SDG Fund brand guidelines, which includes information on donor visibility requirements.

Each PUNO will take appropriate measures to publicize the Joint SDG Fund and give due credit to the other PUNOs. All related publicity material, official notices, reports and publications, provided to the press or Fund beneficiaries, will acknowledge the role of the host Government, donors, PUNOs, the Administrative Agent, and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of each Participating Organization and partners in all external communications related to the Joint SDG Fund.

### **3.4 Legal context**

Agency name: The United Nations Development Programme (UNDP)  
Agreement title: Country Programme Document (CPD 2017-2021) between the Government of Lao PDR and UNDP  
Agreement date: 8 August 2016

Agency name: the United Nations Capital Development Fund (UNCDF)  
Agreement title: SBAA signed between UNDP Laos and the Government of Lao PDR  
Agreement date: 10 October 1988

Agency name: the United Nations Population Fund (UNFPA)  
Agreement title: Country Programme Document (CPD 2017-2021) for the Lao People's Democratic Republic  
Agreement date: 5 July 2016

## D. ANNEXES

### Annex 1. List of related initiatives

Name of initiative/project	Key expected results	Links to the joint programme	Lead organization	Other partners	Budget and funding source	Contact person
Support to the drafting of the 9 <sup>th</sup> NSEDP (constituent part of UNDP's ongoing project 'Support Programme for the 8th NSEDP's Implementation Towards LDC Graduation, MIC Transition and SDGs Achievement')	A coherent, nationally owned overall framework directing the Government's development efforts, linking sectoral strategies, to drive sustainable socio-economic development as Lao PDR transitions from LDC status.	Government's intention to have, as much as possible, a costed national plan, to ensure that plan does not remain an unachievable wish list. UNJP activities offer costing solutions and a financing strategy as a partner document to this end.	UN/UNDP	Ministry of Planning & Investment, other Government ministries, New Zealand, Luxembourg, and other development partners	UN/UNDP, New Zealand, Luxembourg  USD 1 million	Jerome Dubois Mercent, <a href="mailto:jerome.dubois.mercent@undp.org">jerome.dubois.mercent@undp.org</a>  Matthew Johnson-Idan, <a href="mailto:matthew.johnson-idan@un.org">matthew.johnson-idan@un.org</a>  Swarnim Wagle, <a href="mailto:swarnim@post.harvard.edu">swarnim@post.harvard.edu</a>
Strengthening Management of Public Finance Program-Subprogram 1	Policy-based loan to strengthen public debt management, reform tax administration, improve medium-term fiscal planning and budgeting, and boost governance and budget credibility.	Complementary objectives on improvement of budgeting, and similar goals of increasing/using better the fiscal space.	ADB	Ministry of Finance, Lao PDR	USD 45 million ADB	Project Officer Jhelum Tini Thomas
PFM Modernization Program Phase 2	Provide knowledge base for PFM reform (including Public Expenditure Financial Accountability Assessment).	Partnership with UNCDF and WB for development of new COA for Government	EU and World Bank	UNCDF Ministry of Finance, Lao PDR	EUR 5 million EU and World Bank	Maxwell Bruku Dapaah <a href="mailto:mdapaah@worldbank.org">mdapaah@worldbank.org</a>
Project for Improving Public Investment Management (PIMCAP)	Improve the quality of development investment by Government.	Aims to bring the key ministries, MPI and MOF, closer together.	JICA		USD 2.7 million Japan	Mr. Oshikiri Koji, Senior Representative, <a href="mailto:Oshikiri.Koji@jica.go.jp">Oshikiri.Koji@jica.go.jp</a>



New District Development Fund (DDF) under National Governance and Public Administration Reform (GPAR) Governance for Inclusive Development (GID)	Strengthen public administration's ability to achieve better service delivery, wider governance improvements.	Sub national public sector budget optimization and efficiency – prioritizing sub national capital investments	UNDP UNCDF	Ministry of Home Affairs, MPI, MoF, SDC	USD 950,000	Technical Specialist Jinha Kim, UNDP  UNCDF Country Program Manager Thilaphong Oudomsine  <a href="mailto:thilaphong.oudomsine@uncdf.org">thilaphong.oudomsine@uncdf.org</a>
Enhancing PFM through ICT and Skills (E-FITS) Project	Strengthened institutional systems and capacity, and the meeting of international financial management standards.	Enhanced software tools for more efficient and transparent PFM, which underpins the new information resulting from this project.	World Bank	Ministry of Finance	USD 20 million World Bank	Hannah McDonald-Moniz  <a href="mailto:hmcDonaldmoniz@worldbank.org">hmcDonaldmoniz@worldbank.org</a>
Strengthening the Effectiveness of Official Development Assistance (ODA) Management in LAO PDR	The project's overall objective is that ODA effectively supports implementation of NSEDP whilst the specific objective is that key Lao agencies can effectively manage and coordinate ODA.	Complementary objectives on efficient use of available funds and capacity building MPI to implement and work towards NSEDP better.	LuxDev, Luxembourg		USD 1.7 million	Benjamin Mackay <a href="mailto:benjamin.mackay@luxdev.lu">benjamin.mackay@luxdev.lu</a>
Lao-Luxembourg Health Sector Support Programme - Phase II	The project assists the Ministry of Health in implementing the health strategy, and aims at supporting the implementation of the updated sector policy (Health Sector Reform Framework 2013-2025) with a specific focus on Mother and Child Health, by fostering district health systems and actors.	Strong synergies concerning the participatory finance mechanism and focus on health systems.	LuxDev, Luxembourg		USD 35 million	Peter Heimann  <a href="mailto:Peter.heimann@luxdev.lu">Peter.heimann@luxdev.lu</a>

## Annex 2. Results Framework

### 2.1. Targets for Joint SDG Fund Results Framework

**Joint SDG Fund Outcome 2:** Additional financing leveraged to accelerate SDG achievement

Indicators	Targets	
	2020	2022
2.1: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scope <sup>20</sup>		
2.2: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scale <sup>21</sup>		

**Joint SDG Fund Output 4:** Integrated financing strategies for accelerating SDG progress implemented

Indicators	Targets	
	2020	2022
4.2: #of integrated financing strategies that have been implemented with partners in lead <sup>22</sup>	0	1
4.3: # of functioning partnership frameworks for integrated financing strategies to accelerate progress on SDGs made operational	0	1

#### Joint SDG Fund Operational Performance Indicators

- Level of coherence of UN in implementing programme country<sup>23</sup>
- Reduced transaction costs for the participating UN agencies in interaction with national/regional and local authorities and/or public entities compared to other joint programmes in the country in question
- Annual % of financial delivery
- Joint programme operationally closed within original end date
- Joint programme financially closed 18 months after their operational closure
- Joint programme facilitated engagement with diverse stakeholders (e.g. parliamentarians, civil society, IFIs, bilateral/multilateral actor, private sector)
- Joint programme included addressing inequalities (QCPR) and the principle of "Leaving No One Behind"
- Joint programme featured gender results at the outcome level

<sup>20</sup> Additional resources mobilized for other/additional sector/s or through new sources/means; to be defined within 6 months of implementation

<sup>21</sup> Additional resources mobilized or the same multi-sectoral solution; to be defined within 6 months of implementation

<sup>22</sup> This will be disaggregated by (1) Government/public partners (2) civil society partners and (3) private sector partners

<sup>23</sup> Annual survey will provide qualitative information towards this indicator.

- Joint programme undertook or draw upon relevant human rights analysis, and have developed or implemented a strategy to address human rights issues
- Joint programme planned for and can demonstrate positive results/effects for youth
- Joint programme considered the needs of persons with disabilities
- Joint programme made use of risk analysis in programme planning
- Joint programme conducted do-no-harm / due diligence and were designed to take into consideration opportunities in the areas of the environment and climate change

## 2.2. Joint programme Results framework

Result / Indicators	Baseline	2020 Target	2021 Target	2022 Target	Means of Verification	Responsible partner
<b>Outcome: Foundations laid for Integrated National Financing Framework</b>	The national institutional architecture to mobilize and direct finance to national priorities becomes clearer and more integrated, laying foundations for leveraging more multi-sectoral partnerships in support of the SDGs.				Final Evaluation	Government & Joint Programme
	<b>Output 1: SDG-aligned financing strategy for the NSEDP strengthened</b>					
Output indicator 1.1  NSEDP Financing Strategy endorsed and used as a key planning tool for Government and development partners.	0	0	1	1	Final Evaluation	UNDP & UNFPA
Output indicator 1.2  NSEDP costing applied by MPI across Sector Working Groups, and costs used to inform prioritization.	0	0	1	1	Final Evaluation	UNDP/MPI
	Activity 1.1: An evidence-based financing strategy for the 9 <sup>th</sup> NSEDP					
Activity indicator 1.1.1  Updated DFA to inform financing strategy.	0	0	1	1	Updated DFA report	UNDP/MPI

Activity indicator 1.1.2						
Endorsed Financing Strategy for the 9 <sup>th</sup> NSEDP implementation and increased SDG investment.	0	0	1	1	9 <sup>th</sup> NSEDP Financing Strategy	UNDP/MPI
Activity 1.2: Development of a sector-wide NSEDP costing methodology						
Activity indicator 1.2.1						
A sector-wide costing methodology developed	0	0	1	1	Guidance document for costing	UNDP/MPI
Activity indicator 1.2.2						
Training for Government staff on costing methodology delivered	0	1	1	1	Training sessions with MPI and line ministries	UNDP/MPI
Activity 1.3: Development of a model evidence-based investment case to inform prioritization of public investment decisions.						
Activity indicator 1.3.1						
Prioritization model for the domestic financing strategy of Reproductive Maternal Neonatal and Child Health (RMNCH), including adolescent health and nutrition interventions, developed	0	0	1	1	Policy paper/costing study	UNFPA/MoH
Activity indicator 1.3.2						
Investment case and policy paper for Reproductive Maternal Neonatal and Child Health	0	0	1	1	Policy paper/strategy	UNFPA/MoH

(RMNCH), including adolescent health and nutrition, developed						
<b>Output 2: Greater optimization of budget expenditure to achieve the SDGs.</b>						
Output indicator 2.1						
Budget expenditure and revenue SDG tagging approved by MoF	0	0	1	1	Ministerial Instruction/Agreement	MoF/UNCDF
Activity 2.1: Development of a budget tagging system						
Activity indicator 2.1.1						
Mapping Chart of Accounts to SDGs (Expenditures and Revenues) completed	0	1	1	1	CoAs for primary and secondary SDGs	UNCDF/MoF
Activity indicator 2.1.2						
Policy paper on SDG tagging Chart of Accounts developed	0	0	1	1	Policy Paper/Ministerial Instruction/Technical Guidelines for IFMIS Programmes	UNCDF/MoF
Activity indicator 2.1.3						
Budget tagging methodology paper developed	0	1	1	1	Budget tagging methodology approved	UNCDF/MoF
Activity indicator 2.1.4						
	0	0	1	1	Policy paper on SDG reporting IFMIS	UNCDF/MPI/MoF

Policy paper on SDG reporting on IFMIS-guides IFMIS developers and programmers					(ministerial instruction)	
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*Footnote to 2.2: it should be noted that the indicators used in this table by all PUNOs in the joint programme are intentionally 'non-cumulative'.*

### Annex 3. Gender marker matrix

<b>Indicator</b>		<b>Score</b>	<b>Findings and Explanation</b>	<b>Evidence or Means of Verification</b>
<b>N°</b>	<b>Formulation</b>			
1.1	Context analysis integrate gender analysis	<b>2</b>	The analysis will include gender across all sectors including underlying causes of gender inequality and discrimination; and sex-disaggregated and gender sensitive data.	PRODOC
1.2	Gender Equality mainstreamed in proposed outputs	<b>3</b>	Gender Equity will be a specific output of Outcomes 1 and 2. Output 1.3 evidence-based investment case for the EHSP will focus on RMNCH service provision for women. Whereas Output 2.1 the introduction of the IPSAS compliant COA and mapping to SDGs will support the encoding of gender specific expenditures in the IFMIS and associated reporting tools	PRODOC
1.3	Programme output indicators measure changes on gender equality	<b>2</b>	Output indicators for 1.3 and 2.1 will specifically record change that impacts upon gender equality	PRODOC
2.1	PUNO collaborate and engage with Government on gender equality and the empowerment of women	<b>1</b>	This is will necessitated through associated project work and specifically within the finance strategy and the unit costing for EHSP - RMNCH	PRODOC; progress report
2.2	PUNO collaborate and engages with women's/gender equality CSOs	<b>2</b>	The Lao Women's Union will be consulted as a partner on the work leading to Output 1.3 and Output 2.1, the latter in relation to gender marking through the COA codes, The former collaboration on the EHSP - RMNCH will elevate women's health care as a priority budget item	Minutes of consultation meetings

3.1	Program proposes a gender-responsive budget	2	Since the project in-builds gender at strategic levels associated budgeting allocates a high proportion of expenditure to advance gender equality	PRODOC
<b>Total scoring</b>		<b>2</b>		



## Annex 4. Budget and Work Plan

### 4.1 Budget per UNSDG categories

UNDG BUDGET CATEGORIES	UNDP		UNCDF		UNFPA		TOTAL	
	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)
1. Staff and other personnel	\$70,000	\$50,000	\$55,000	\$30,000	\$35,000	\$60,000	\$160,000	\$140,000
2. Supplies, Commodities, Materials	\$8,900		\$7,380		\$12,000		\$28,280	
3. Equipment, Vehicles, and Furniture (including Depreciation)	\$-		\$-		\$3,000		\$3,000	
4. Contractual services	\$260,000		\$180,000		\$107,000		\$547,000	
5. Travel	\$15,000		\$15,000		\$15,000		\$45,000	
6. Transfers and Grants to Counterparts	\$-		\$-		\$-		\$-	
7. General Operating and other Direct Costs	\$20,000		\$23,000		\$15,000		\$58,000	
<b>Total Direct Costs</b>	<b>\$373,900</b>		<b>\$280,380</b>		<b>\$187,000</b>		<b>\$841,280</b>	
8. Indirect Support Costs (Max. 7%)	\$26,173		\$19,627		\$13,090		\$58,890	
<b>TOTAL Costs</b>	<b>\$400,073</b>	<b>\$50,000</b>	<b>\$300,007</b>	<b>\$30,000</b>	<b>\$200,090</b>	<b>\$60,000</b>	<b>\$900,170</b>	<b>\$140,000</b>
<b>1st year</b>	<b>\$200,036</b>	\$15,000	<b>\$150,003</b>	\$15,000	<b>\$100,045</b>	\$40,000	<b>\$450,084</b>	\$70,000
<b>2nd year</b>	<b>\$200,037</b>	\$35,000	<b>\$150,004</b>	\$15,000	<b>\$100,045</b>	\$20,000	<b>\$450,086</b>	\$70,000

## 4.2 Budget per SDG targets

SDG TARGETS		%	USD
17.9	Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South and triangular cooperation;	30%	312,051
17.14	Enhance policy coherence for sustainable development;	30%	312,051
17.15	Respect each country's policy space and leadership to establish implement policies for poverty eradication and sustainable development.	30%	312,051
3.C	Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing states.	10%	104,017
TOTAL		100%	1,040,170

### 4.3 Work plan

Output 1			SDG-aligned financing strategy for the NSEDP strengthened														
Activity	Annual target/s		List of activities	Time frame								PLANNED BUDGET				PUN O/s invol ved	Implem enting partner/s involved
	2020/21	2021/22		Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Overall budget description	Joint SDG Fund (US D)	PUNO Contributions (USD)	Total Cost (US D)		
<b>Activity 1.1</b> An evidence-based financing strategy for the 9th NSEDP successfully developed	<b>1) Preliminary review; dialogue with Government and stakeholders; recruitment of the technical team completed 2)</b>	<b>1) Final report of the new DFA for Lao PDR produced and approved by Government 2) NSEDP Financing Strategy development</b>	1.1.1 Revisit DFA: Research and Consultation	x	x	x						Main types of costs include but not limited to the followings: -recruitment of international consultant/expert to undertake research, analysis, and DFA preparation -recruitment of international consultant/expert to					
			1.1.2 DFA Launch and follow up the publication of the DFA report, the actions agreed to be taken forward			x	x	x	x				180,000	10,000	190,000	UND P	MPI
			1.1.3 Develop 9th NSEDP Financing Strategy				x	x									
			1.1.4 Organize Financing Strategy					x	x								

Research and consultation for DFA report and NSEDP Financing Strategy completed			ed and approved by the government	Consultation/ Validation Workshop and Dissemination								develop NSEDP Financing Strategy -cost of consultation/ validation workshops, publication, and dissemination of reports. -costs associated with staff other personnel contributing to the planned activities					
Activity 1.2 Development of a sector wide NSEDP costing methodology completed	1) Review of all existing SDP costing methodologies conducted; 2) Best practice identified	1) Guidebook for costing methodology produced and endorsed; 2) Training for govern	1.2.1 Develop costing methodology for NSEDP 1.2.2. Develop costing methodologies for sector and provinces 1.2.3 Technical training/workshops for line	x	x	x						Main types of costs include but not limited to the followings: -recruitment of international consultant/expert to undertake the identification of the					
				x	x	x							180,000	10,000	190,000	UND P	MPI
							x	x	x								

	<b>d and adopted for Lao context</b>	<b>ment staff on costing comple ed</b>	ministries and provincials on costing methodologie s									appropriate costing methodology for Lao PDR -cost of consultation/ validation workshops, publication, and dissemination of reports. -costs associated with staff other personnel contributing to the planned activities						
<b>Activity 1.3 A model evidenc e-based investm ent case to inform prioritiz ation of public</b>	<b>Policy paper on domesti c financin g for matern al health develop ed</b>	<b>Financi ng strategy for matern al health develop ed</b>	1.3.1 Identification of National priorities and targets on Reproductive, Maternal, Newborn, Child, Adolescent Health Services	x	x							Main types of costs include but not limited to the followings:  - Technical/exp ert support cost as required for consultation,	199, 020	60,000	<b>259, 020</b>	UNF PA	MPI, MOH	

investment  
decision  
is  
developed

1.3.2 Assessment of financial needs		x	x						review, analysis of priorities and financial needs to achieve specific targets.
1.3.3 Estimate expected impacts/ return on investment			x						- Costs associated with the consultations, validation, dissemination events and advocacy of the financial costs and strategy,
1.3.4 Prioritization and financing strategy for RMNCAH			x	x					policy papers
1.3.5 Pilot province plan for rolling out interventions					x				- Costs associated with field visits to pilot province
1.3.6 Consultation/ validation Event					x	x			- Costs associated with staff other personnel contributing to the planned activities
1.3.7 Policy Paper for SDG (Health) financing						x			

Output 2			Greater optimization of budget expenditure to achieve the SDGs														
Activity	Annual target/s		List of activities	Time frame								PLANNED BUDGET				PUN O/s involved	Implementing partner/s involved
	2020/21	2021/22		Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Overall budget description	Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)		
Activity 2.1: Development of a Budget Tagging System	(1) Development of Budget Tagging Methodology ; (2) Mapping COAs to SDGs (Expenditures 7 Revenues)	Policy Paper on SDG Tagging COAs developed and endorsed	2.1.1 Review of Tagging systems in Public Sector Budgets (i.e. Nepal Climate Tagging)	x	x	x						Main types of costs include but not limited to the followings:					
			2.1.2 Legal scan of state budget laws and SDG related declaration	x	x	x						Technical/expert support cost as required for review, analysis and mapping out of existing chart of accounts (Expenditures and Revenues) and conduct legal scan of	183,373	15,000	198,373	UNCDF	MPI, MoF & other members of SP committee
			2.1.3 Formulate Budget Tagging Methodological Paper			x	x	x	x								
			2.1.4 Mapping COAs to SDG (Expenditures	x	x	x	x										



		and Revenues)								state budget laws and others							
		2.1.5 Develop a Policy Paper SDG Tagging COAs			x	x	x	x		- Costs associated with the consultations, dissemination events and advocacy of the budget tagging methodology, policy papers							
		2.1.6 Organizing Dissemination Event				x			x	- Costs associated with the publications and others - Costs associated with staff other personnel contributing to the planned activities							
<b>(1) SDG Reporting Guidelines develop</b>	<b>(1) Policy Paper on SDG Reporting on</b>	2.1.7 Review of SDG Reporting IFMIS and government consultation		x	x	x	x	x	x	Main types of costs include but not limited to the followings:	116,627	15,000	<b>131,627</b>	UNC DF	MPI, MoF, MoE & other members of SP		

committee

ed and consulte d	IFMIS formula ted, consult ed and possibly endorse d; (2) Publicat ion on SDG Best Practice s publish ed and distribu ted	2.1.8 Generation of SDG Reporting Guidelines				x	x	x	x	- Technical/exp ert support cost as required for review of SDG Reporting IFMIS and generation of the SDG
		2.1.9 Develop a Policy Paper SDG Reporting on IFMIS				x	x	x	x	Reporting Guidelines
		2.1.10 Organizing Dissemination Event			x			x		- Costs associated with the consultations, dissemination events and advocacy of the policy papers
		2.1.11 SDG Tagging Best Practice Publication							x	x

Joint programme management	List of activities	Time frame	PLANNED BUDGET	PUN O/s	Implementing
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				Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Overall budget description	Joint SDG Fund (US D)	PUNO Contributions (USD)	Total Cost (US D)	involved	partner/s involved
<b>3.1. The Joint Programme is successfully implemented with oversight and independent final evaluation ensured.</b>	Effective monitoring and timely quality reporting of the UNJP is ensured	Effective monitoring and final independent evaluation conducted	3.1.1 The UNJP monitoring and reporting	x	x	x	x	x	x	x	x	Costs of the UNJP oversight, monitoring and reporting	0	30,000	<b>30,000</b>	UNDP	
			3.1.2 Planning of the Joint Programme final evaluation							x		Costs of the independent final evaluation of the Joint Programme					MPI, MoF, MoE, MoH & other members of SP committee
			3.1.3 Implementation of the Joint Programme final, independent and gender responsive-evaluation							x	x	and the relevant consultations with the purpose to inform future actions by stakeholders and the UN programming.	40,073	0	<b>40,073</b>	UNDP	

## Annex 5. Risk Management Plan

As part of the development of this joint programme a detailed risk assessment was carried out leading to identification and assessment of key risks and identification of mitigation measures. This is set out below in the form of a risk register. This risk register will be monitored as part of the implementation of the project and an updated assessment of risk and necessary actions will be set out in the periodic reports.

Amongst the risks to the impact of the proposal is the lack of appetite for change to the existing system of planning and budgeting by the relevant Government ministries, and the inability of the joint programme to secure sufficient 'buy in' and ownership from those relevant ministries.

Another risk is the newness of some of the PUNOs to the PFM space, raising the possibility that they could not have the technical capacity and sectoral knowledge to deliver quality outputs and in turn make a positive impact with the Government and other key stakeholders alike.

A new factor that has been considered by the proposal is the unpredictable and unknown direct and tangential effects of the global COVID-19 pandemic, which has the potential to exert further pressure on the limited fiscal space, and divert the Governments focus and resources away from planned activities should there be an escalation of the situation domestically.

<b>Risks</b>	<b>Risk Level:</b>	<b>Likelihood:</b>	<b>Impact:</b>	<b>Mitigating measures</b>	<b>Responsible Org./Person</b>
<b>Contextual risks</b>					
Difficulty in maintaining momentum for change across all the necessary stakeholders.	Very high	5	4	UN agencies will use close relationships with key Government and other stakeholders to advance project and maintain momentum	JOINT PROGRAMME
Restricted ability to source relevant expertise due to COVID-19 pandemic travel restrictions	Medium	3	2	Recruitment planning and use of technology to overcome restrictions e.g. at UN premises	JOINT PROGRAMME
COVID-19 pandemic outbreak inhibits capacity of stakeholders to engage on project activities sufficiently	Medium	2	3	PUNOs will seek to leverage additional resources and funds to ensure continuation of aspects of project work	PUNOs

<b>Programmatic risks</b>					
PUNO's technical capacity to deliver quality outputs	High	3	4	PUNOs will utilise global network of internal expertise and recruit high quality experts if/when required	JOINT PROGRAMME
JOINT PROGRAMME activities and outputs overlap on the work of existing key stakeholders	High	3	3	JP will adopt multi-agency approach working with existing key stakeholders and evidence-based advocacy	JOINT PROGRAMME
Uniformity of progress across JOINT PROGRAMME activities and outputs affecting impact of other constituent parts	Medium	3	2	Design of activities has and will allow each output standalone if necessary, without reliance on other components	JOINT PROGRAMME
Project period will be insufficient to implement all activities	High	4	3	PUNOs will seek to leverage additional resources to ensure continuation of aspects of project work	PUNOs
<b>Institutional risks</b>					
Lack of sufficient ownership of relevant GoL ministries	High	3	4	Project board will meet regularly and joint programme will engage in open reciprocating dialogue with relevant GoL ministries	JOINT PROGRAMME
Lack of coordination amongst PUNOs	Medium	3	2	UN RC office will play a lead role in coordinating the JP, plus other PUNOs will actively coordinate amongst themselves	UNRCO, JOINT PROGRAMME
High turnover of PUNO staff	High	4	3	PUNOs will ensure use of shared accessible files, ensure individuals are not solely responsible on project work, and undertake detailed handover processes	PUNOs

Fiduciary risks					
Funds delivered not used for intended purposes or not properly accounted for	Low	2	2	PUNOs will follow their rules and regulations, codes of conduct, and any standard operating procedures in place.	PUNOs