<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>CDR</td>
<td>Centre for Development Policy Research</td>
</tr>
<tr>
<td>PFM</td>
<td>Public Finance Management</td>
</tr>
<tr>
<td>GoL</td>
<td>Government of Lao PDR</td>
</tr>
<tr>
<td>LNCCI</td>
<td>Lao National Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>MAF</td>
<td>Ministry of Agriculture and Forestry</td>
</tr>
<tr>
<td>MOES</td>
<td>Ministry of Education and Sports</td>
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<tr>
<td>MOH</td>
<td>Ministry of Health</td>
</tr>
<tr>
<td>MOIC</td>
<td>Ministry of Industry and Commerce</td>
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<tr>
<td>MONRE</td>
<td>Ministry of National Resource and Environment</td>
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<tr>
<td>MPI</td>
<td>Ministry of Planning and Investment</td>
</tr>
<tr>
<td>MPWT</td>
<td>Ministry of Public Work and Transport</td>
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<tr>
<td>NFS</td>
<td>Nutrition and Food Security</td>
</tr>
<tr>
<td>NCRDPE</td>
<td>National Committee for Rural Development and Poverty Eradication</td>
</tr>
<tr>
<td>NIEC</td>
<td>Nutrition Information, Education and Communication</td>
</tr>
<tr>
<td>NNCO</td>
<td>National Nutrition Committee</td>
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<td>NNS</td>
<td>National Nutrition Strategy</td>
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<td>NNC</td>
<td>National Nutrition Centre</td>
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<td>NNP</td>
<td>National Nutrition Policy</td>
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<tr>
<td>NPAN</td>
<td>The National Plan of Action on Nutrition</td>
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<tr>
<td>NRE</td>
<td>Natural Resource and Environment</td>
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<tr>
<td>NSEDP</td>
<td>National Socio-Economic Development Plan</td>
</tr>
<tr>
<td>PIL</td>
<td>Population, Area, remoteness, and poverty Levels</td>
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<td>PIP</td>
<td>Public Investment Plan</td>
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<td>SDG</td>
<td>Sustainable Development Goals</td>
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</tbody>
</table>
# Contents

Abbreviations........................................................................................................ iv

Table of Contents .................................................................................................. 1

Executive summary ............................................................................................. 3
  Recommendations: .............................................................................................. 4

1. Country profile and nutrition policy landscape in Lao PDR ..................... 5
  1.1 Country Profile ............................................................................................ 5
  1.2 Nutrition situation ....................................................................................... 6
  1.3 Assessment of the NPAN (2016–2020) ....................................................... 7

2. Overview of the PFM and budget cycle in Lao PDR ............................... 9
  2.1 Overview ........................................................................................................ 9
  2.2 Legal and institutional framework ............................................................... 10
  2.3 Performance of the PFM system .................................................................. 11

3. Overall financing trends in Lao PDR ......................................................... 12
  3.1 Legislative framework ................................................................................ 13
  3.2 Broad government expenditure trends ....................................................... 13
  3.3 Policy, planning and budgeting framework ............................................... 16

4. Summary of findings ..................................................................................... 20
  4.1 Analysis of the methodology of the NPAN costed plan development ....... 20
  4.2 Annual analysis of NPAN financial commitment planning against realization .... 29
  4.3 Budget credibility ......................................................................................... 34
  4.4 Budget execution ......................................................................................... 35

5. Conclusions and recommendations ............................................................. 36

References .......................................................................................................... 42

Annexes .............................................................................................................. 43
  a. Research methodology .............................................................................. 43
  b. Key respondents ........................................................................................ 48
  c. Nutrition expenditure tables ..................................................................... 51
  d. Budget planning process and entry points on influencing the budget ....... 52
FIGURES

Figure 1  Map of Lao PDR ................................................................. 5
Figure 2  Conceptual Framework of the Determinants of Child Undernutrition, UNICEF 7
Figure 3  Public Finance Modernization Program 2016–2018 ........................................ 9
Figure 4  Budget planning process ........................................................................ 11
Figure 5  Total government expenditure .............................................................. 14
Figure 6  Sector expenditure ............................................................................ 14
Figure 7  Share of sectors as a percentage of total government expenditure ......... 15
Figure 8  Share of total government expenditure by sector ...................................... 16
Figure 9  Trends in sector expenditure by source of funding .............................. 16
Figure 10  Public Finance Management Framework ........................................ 21
Figure 11  Framework of NPAN 2016 – 2020 ...................................................... 22
Figure 12  NPAN Interventions of Agricultural Sector ........................................ 23
Figure 13  Interventions’ recurrent and development Cost ........................................ 24
Figure 14  Source of financing and contributions from development partners .... 24
Figure 15  Commitments and actual expenditure of NPAN 2016 – 2020 ......... 25
Figure 16  Cost of interventions and program NPAN 2016 – 2020 ................. 26
Figure 17  One-off and continuous interventions .................................................. 27
Figure 18  Unclear expected results’ activities ...................................................... 27
Figure 19  Authors calculation from data collected from the National Nutrition Committee Secretariat’s annual financial tracking ................................. 29
Figure 20  Budget by years (in million US$ and %) .................................................. 30
Figure 21  Commitments and actual expenditure by years .................................... 30
Figure 22  Financial gap (in million US$) .............................................................. 31
Figure 23  Composition of Nutrition Spending by Programme ................................ 32
Figure 24  Expenditure by source ........................................................................ 32
Figure 25  Change of expenditure by year .............................................................. 33
Figure 26  Composition of spending by type of intervention for FY2019 .......... 34
Figure A1  PFM and Social Sector landscape ...................................................... 43

TABLES

Table 1  Calendar for State Budget plan formulation, Lao PDR ..................................... 18
Executive summary

The Government of Lao PDR has prioritized nutrition as a development issue. This has contributed to improvements in the nutrition situation in the country. Despite the progress made, malnutrition remains high with varying intensity based on geographic location, gender, wealth and ethnicity. Chronic malnutrition is at 33 per cent nationally with significant disparities across provinces, reaching as high as 54 per cent in Phongsaly province. 9 per cent of children under five suffer from acute malnutrition and one in two children is anaemic.

The National Nutrition Strategy (2016-2025) provides the overarching framework for the implementation of nutrition actions in the country. This is supported by a costed National Plan of Action on Nutrition (NPAN), 2016–2020, which serves as the operational plan for the implementation of multi-sectoral actions in the country. A review of the costed NPAN was undertaken to assess the extent to which financial commitments were met and also to provide recommendations for the next NPAN (2021–2025). From the assessment:

- The Government of Lao PDR (GoL) has invested US$141.9 million in nutrition over a four-year period (2016-2019), reaching around 34.5 per cent of the estimated budget of the costed National Plan of Action for Nutrition (2016–2020). Dependency on development partners remains high with total contribution of up to 90.5 per cent.
- Nutrition is not a sector on its own, hence nutrition budget and expenditures are mixed with other line ministries’ expenditures. This has a direct impact on transparency in budgets, expenditures, efficiency and equity of nutrition spending, which in turn makes these impossible to measure. While progress has been made in updating the chart of accounts (CoA), the lack of a comprehensive and integrated functional classification, programme or organizational classification, including district codes in the CoA, remain a major problem. As a result, budgets cannot be allocated to the nutrition budget units. This hinders the decentralization process of entry and budget controls at all levels.
- Despite the introduction of the convergence approach to nutrition, there is still room for improvement towards a well-coordinated and adequately resourced nutrition programme, which underlines the need to improve sectoral and intergovernmental planning and budgeting in line with nutritional interventions within the National Nutrition Strategy (NNS) and the NPAN.
- With the exception of the MOH’s sectoral plan, which has the mandate to cover nutrition, the other line ministries involved in the implementation of nutrition interventions, such as the Ministry of Education and Sports (MOES) and Ministry of Agriculture and Forestry (MAF), have been operating with their own sectoral plans and not in harmony with the NPAN. This has consequences in annual planning, budgeting and the overall implementation process of the NPAN.
- While Operational Guidelines – Multi-Sectoral (“Convergence”) Approach to Nutrition is an important document that provides a summary of ‘guiding principles of steps required to operationalize NPAN 2016–2020 and maximize a multi-sectoral approach to nutrition’, it was adopted only in 2019.
Recommendations:

• Nutrition should remain a priority of the GoL PDR. The relevant ministries should consider progressively increasing the allocation of resources for nutrition interventions, and this increase should be indicated in the annual costed sectoral plans and budgets. Furthermore, GoL PDR should consider earmarking and ringfencing the nutrition budget to avoid reallocation of nutrition financing to other sectors on other non-nutrition expenditures.

• The GoL should consider shifting its focus to high-impact interventions which improve nutrition outcomes.

• The Ministry of Health (MOH) should work with the Ministry of Finance (MOF) to introduce second-tier budget codes that will help plan on nutrition. This should be applied to all line ministries, including decentralized levels such as provinces and districts. This will enable the assessment of the credibility and efficiency of the budget.

• NPAN 2021–2025 should work in harmony with sectoral plans. The NNC should take a leading role in ensuring that the next NPAN is in full accordance with the sectoral plans. Sectoral plans should reflect NPAN 2021–2025 interventions and activities and include its nutrition objectives, targets, activities and costs into sectoral and sub-sectoral policies, strategies, plans and budgets. In addition, the NPAN 2021–2025 should pursue the following key directions:
  » Avoid becoming a wish list and lean towards interventions that have high impact on nutrition outcomes as described by the Lancet, World Health Organization (WHO) and the Scaling Up Nutrition movement (SUN).
  » Contain an efficient prioritization mechanism on evidence-based interventions and channel funding and energy towards those interventions which are of high importance. For example: It should focus on investments in micronutrient supplementation and relegate priority 1 interventions that are low impact and high cost, such as School Meals Programme, into priority 2 interventions.
  » Costing should be informed by a prioritization of high-impact and low-cost interventions that reduce key nutrition outcome indicators.

• NPAN 2021–2025 should have a clear intervention implementation plan. GoL PDR should maximize its multi-sectoral approach to nutrition and provide more oversight to the convergent approach by following and enacting the guiding principles of steps provisioned in the Operational Guidelines (2019). The NNC should consider an annual multi-sectoral implementation plan so that areas of collaboration and complementarity for improved nutrition can be identified. Before drafting NPAN 2021–2025, the drafting committee should use and make transparent the rationale, methodology, assumptions, unit costs and type of costing when computing the costs of the activities and interventions.

• The GoL PDR should strengthen the capacity of National Nutrition Committee (NNC) with more staff and training; work with the MOF to improve the budgeting and tracking of nutrition finances, as well as with the Ministry of Planning and Investment (MPI) to improve planning for nutrition.
1. Country profile and nutrition policy landscape in Lao PDR

1.1 Country Profile

Lao People’s Democratic Republic (Lao PDR) is a landlocked country in southeast Asia. Administratively, the country is divided into 18 provinces, 148 districts and 8,447 villages.

It has an average per capita Gross Domestic Product (GDP) of US$2,585 (2018 est.) and a 2013 Human Development Index ranked the country 140th out of 189 countries. It is geographically surrounded by Thailand, Myanmar, China, Vietnam and Cambodia, covering 236,800 square kilometers, and has a population of about 7,013,000 people.


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1. UNDP Human Development Index Source: http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/LAO.pdf
2. UNICEF Lao PDR basic statistics: https://data.unicef.org/country/lao
A number of sectoral policies and strategies were developed in subsequent years to support the implementation of the nutrition policy. These include the National Food Security Policy (2009), the National Food Security Strategy (2010), the Law on Hygiene, Disease Prevention and Health Promotion (2012), and the National Nutrition Strategy (2010-2015). Currently, three main documents provide the framework for multisectoral action on nutrition in Lao PDR: the National Nutrition Policy (2008), the National Nutrition Strategy (2016-2025) and the National Plan of Action 2016–2020. They define key nutrition actions that ought to be implemented at scale with clear roles and responsibilities of different sectors/stakeholders and a costed plan of implementation.

In 2012, the GoL PDR formed the National Nutrition Center, which operates under the Ministry of Health (MOH) and in 2013 established the National Nutrition Committee (NNC) to address nutrition issues in the country in a holistic manner using a multisectoral approach.

### 1.2 Nutrition situation

The Lao PDR has prioritized nutrition as a development issue. Through the support of development partners, the Government has implemented several interventions to improve the nutrition of the population. As a result, the prevalence of chronic malnutrition has decreased continuously for the past two decades. However, the rates remain high and exhibit disparities based on location, wealth and gender.

According to the Lao Social Indicator Survey in 2011 (LSIS 1) and 2017 (LSIS 2), stunting also declined from 44.2 per cent to 33.0 per cent\(^3\). Although the rates have declined, a prevalence above 30 per cent is considered very high by WHO classification. Children of the poorest households are three to four times more likely to be stunted than children in the richest households. Stunting is higher among children in rural areas (37 per cent) compared with urban areas (22 per cent). Provinces with the highest rates of stunted children are Phongsaly (54 per cent), Sekong (49.9 per cent), and Xiangkhouang (46.3 per cent) while the rate is lowest in Vientiane (13.8 percent). Among the ethnic groups, stunting is two times higher among the Hmong-mien (50 per cent) compared with the Lao-Tai group (23.0 per cent). Children of mothers with no education were three times more likely to be stunted (45 per cent) than children of mothers with higher education (17 per cent).

The prevalence of wasting increased significantly from 5.9 per cent in 2011 to 9 per cent in 2017. Children in the wealthiest quintile of the population are two times less likely to be wasted compared with the poorest quintiles. Wasting among children under five is more common in rural areas (10 per cent) compared with urban areas (7 per cent). The prevalence of underweight among children under 5 years reduced from 26.6 per cent to 21.1 per cent. Provinces with highest rate of underweight children are Sekong with 34.8 per cent, followed by Saravane (28.6 per cent) and Phongsaly (27.7 per cent).

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1.3 Assessment of the NPAN (2016–2020)

The National Plan of Action on Nutrition (NPAN) provides the operational guidance for the implementation of the National Nutrition Strategy (NNS) in the country. Following the successful implementation of its first National Nutrition Strategy (2011-2015), Lao PDR developed its current National Nutrition Strategy (2016-2025). This provides the strategic framework for the implementation of nutrition actions in the country. It promotes multisectoral collaboration and implementation of nutrition interventions across sectors. This is backed by the NPAN (2016–2020) which contains prioritized nutrition interventions. The plan is costed with clear timelines and expected results for the period.

A review of the costed plan of the National Plan of Action on Nutrition (2016–2020) sought to assess the extent to which financial commitments were met and also to provide important input for the development and costing of the next NPAN for 2021–2025. This exercise is expected to contribute to ongoing Public...
Financial Management (PFM) discussions and advocacy for transparency and increased public investment in nutrition at both national and sub-national levels as well as by development partners.

RATIONALE FOR ASSESSMENT

The objective of this work is to review the costed plan of the NPAN (2016–2020). Findings are expected to inform the development of the next costed NPAN (2021–2025) and to better align Lao PDR public finance planning and implementation with the requirements of the 2030 SDG 2: “End hunger, achieve food security and improved nutrition and promote sustainable agriculture.”

The specific objectives of this assignment are:

- To review the costed NPAN (2016–2020).
- To carry out a budget and expenditure analysis on nutrition financing as the basis for future nutrition financial tracking in Lao PDR.
- To assess the budget credibility, efficiency, effectiveness, equity and adequacy of past spending on nutrition by the Government and development partners in NPAN interventions.
- To prepare a nutrition budget brief in order to advocate for increased resource allocation to nutrition in Lao PDR.

KEY ANALYTICAL QUESTIONS

Key analytical questions include:

a. What was the methodology used for the costed NPAN development, including analysis of identified baselines, projected number of beneficiaries, programme outputs and outcomes and stakeholder involvement participation?

b. To what extent were the financial commitments made in the NPAN fulfilled on an annual basis? What are the trends of budgeted and actual public expenditure on nutrition from 2016 to 2020 (if data are available)?

c. Are there any clear budget lines associated with nutrition interventions across the NPAN, e.g., in the four key Ministries – MOH, MOES, MAF and MPI?

d. Are there any disparities in resource allocation or bottlenecks in planning, budgeting and expenditure at provincial level? Assess the capacities of the nutrition sector to spend available funds.

e. What are the implications for the country’s Medium-Term Expenditure Framework (MTEF) and what are the key recommendations for increased nutrition investment in Lao PDR?
This chapter examines the public finance management tools and instruments in Lao PDR. It approaches the public finances from the general perspective of public funds and how they are managed, as well as reforms in the finance sector across phases. It begins with a brief overview on the budget cycle and budget instruction and where stakeholders can identify entry points for advocacy for increased resource allocation toward nutrition. In addition to outlining the budget cycle and influencing the budget, it highlights the key characteristics and weaknesses of the Public Financial Management (PFM) system.

2.1 Overview

Lao PDR’s state system has three tiers of administrative units: provinces, districts and villages. There are currently 18 provinces, 148 districts and 8,447 villages. The budget system recognizes the national or central government budget as the first tier and subnational level or the provinces’ budgets as the second tier of its decentralized budget.

**FIGURE 3 PUBLIC FINANCE MODERNIZATION PROGRAM 2016–2018**

- **PHASE 1** 2018-2020
  - Put in place financial compliance and fiscal controls
  - Strong PFM core system

- **PHASE 2** 2021-2025
  - Improve fiscal stability and sustainability

- **PHASE 3** 2026-2030
  - Promote the efficiency and effectiveness in service delivery

Source: The World Bank Lao PDR
PFM in Lao PDR has improved both in coverage and effectiveness over the years. Reform have been staged in three phases and Lao PDR at present is at its “second-generation reforms” which have led to the preparation of a PFM Document Strategy 2025 and Vision 2030 which was approved in 2017.

The MOF introduced a medium-term approach to budgeting in 2016 through the formulation of a five-year budget framework in the National Assembly. As of 2017 the state budget law has undergone a significant change by aligning the budget planning cycle with the calendar year. The GoL has recently drafted a public finance development strategy to 2025, in accordance with specific laws that govern the country’s budgeting process (e.g. the 1991 Constitution, the Budget Law of 2006 and the revised Budget Law of 2015). Its objective is to strengthen public finances to achieve the outcomes detailed in Vision 2030 and the 8th National Socio-Economic Development Plan (NSEDP), with overall targets for GDP growth, state revenue collection, expenditure and debt management drawn directly from the 8th NSEDP.

### 2.2 Legal and institutional framework

The GoL promulgated the revised State Budget Law in 2015, fulfilling the role of an organic law for the core PFM systems which complies with all good practices and principles of a modern budget law, with clear assignment of roles and responsibilities of key budgetary institutions and officials from the National Assembly, MOF, MPI, other line ministries and their budget controllers, as well as local government. This law provides the features of a comprehensive PFM Law or Public Finance Act, covering all principles to regulate the structure and functioning of PFM in Lao PDR.
2.3 Performance of the PFM system

**BUDGET CLASSIFICATION AND PLANNING**

The government budget is delineated into recurrent and capital expenditures. Recurrent expenditure includes seven accounts which are (60) salary and employee allowance; (61) compensation and policy allowances; (62) operation and maintenance expenditure; (63) technical activities, subsidies and contribution; (64) financial expenditure; (65) other expenditures; and (66) new purchase for operation. The capital expenditure is account 67.

Within the recurrent budget, the budget procedure starts from the district office, where it proposes the amount of the budget, before submitting to provincial level. The provincial office submits the district’s proposal with its own budget proposal to the provincial financial office, the provincial governor and the ministry.

The ministry consolidates all budget proposals from the provinces and its own budget for the MOF. After that, the MOF rechecks and negotiates the proposed amounts before submitting the adjusted total government budget to the National Assembly for final approval.

The approved budget is announced from the MOF to line ministries and provincial level as hard budget ceilings. The capital investment budget procedure is similar to that of the recurrent budget, but instead of submitting it to the finance offices, it is submitted to the investment and planning offices. The MPI oversees the capital investment budget consolidation.
Lao PDR is currently one of the fastest-growing economies in Southeast Asia and has made substantial progress towards graduating from Least Developed Country (LDC) status. A resource boom and strong foreign direct investment resulted in robust growth in gross domestic product (GDP), which averaged 7.4 per cent from 2010 to 2018. Gross national income per capita reached US$2,534\(^4\) in 2019. Strong growth has alleviated poverty, and Lao PDR’s poverty rate declined from 27.6 per cent in 2008 to 23.2 per cent in 2013\(^5\). Lao PDR met the criteria for graduation from LDC status for the first time in 2018\(^6\).

Lao PDR’s macroeconomic landscape is not immune from the Covid-19 global health crisis that led to high economic and social distress in 2020. The country’s public debt increased above 60 per cent of GDP from 50 per cent in fiscal year (FY) 2020, while the budget deficit has simultaneously risen about 6 per cent during the same period. The GoL has reviewed its budget and taken measures to mitigate the revenue shortfall by reducing the revenue plan by 21.6 per cent while expenditure was also reduced by 17.4 per cent from the original approved budget for FY2020. Amid reduction of the budget and expenditure plan there is increased demand to strengthen the health system with procurement of vital medical supplies as part of a coordinated Covid-19 response plan, such as Personal Protective Equipment (PPE), test kits as well as focusing on families and households in need of support through cash transfers and health services.

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\(^1\) Lao PDR, GDP per capita in US$: https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=LA

\(^2\) Poverty data: Lao PDR: https://www.adb.org/countries/lao-pdr/poverty#accordion-0-1

\(^3\) Lao PDR met the thresholds for gross national income per capita and the Human Assets Index for the first time during the March 2018 review. If progress continues until the 2021 review, Lao PDR will graduate from LDC status in 2024, following a three-year implementation period. Further information can be found at: https://www.la.undp.org/content/lao_pdr/en/home/presscenter/pressreleases/2018/3/19/lao-pdr_s-eligibility-for-graduation-from-least-developed-countr/
3.1 Legislative framework

The objective of the Government’s 8th NSEDP (2016–2020) is to reduce poverty and prepare Lao PDR for progress toward achieving the Sustainable Development Goals. Achieving these goals will require an efficient and effective public financial management (PFM) system and public sector.

While many of the elements of a core legal and institutional framework for a good PFM system are in place, they need to be improved and fully implemented. Most of the legal requirements for a core PFM system are already in place through an existing legal framework; however, there is no Public Financial Management Act and most of the existing PFM legislation is not yet implemented. Some of the laws have inconsistencies, limited scope or gaps and secondary legislation and regulations have not yet been completed or need to be updated. One example is the Budget Law 2015, which provides guidelines for the budget cycle and the preparation of budget documents; however, secondary legislation has not yet been developed. Overall, the institutional setup for PFM is fragmented, with sometimes unclear or overlapping competencies and accountability.

The budget preparation process is characterized by weak links of budget allocation and prioritization with development priorities, caused by the absence of proper planning and forecasting mechanisms. While a medium-term expenditure framework exists, the budget is prepared based on the previous year’s budget plan, resulting in a weak medium-term budget perspective and a missing link to policy priorities. Proper costings of expenditure or ceilings have not been introduced. This has regularly led to unaffordable and unrealistic budget plans, unaffordable commitments and increasing arrears, ultimately resulting in non-achievement of sector performance targets.

3.2 Broad government expenditure trends

Government expenditure has been rising steadily, however, spending on health, education and agriculture has fluctuated between FY2014-15 and FY2019. Figure 4 shows that total government expenditure during FY2014-15 was 17,953 billion kip, increasing gradually to 22,753 billion kip in 2019, with an average annual growth rate of 6.2 per cent from year to year. In all three sectors – education, health and agriculture – expenditure fluctuated with a significant increase from FY2014-15 to FY2015-16, it decreased in FY2017 and then increased again in FY2018 before falling back in FY2019.

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8 World Bank, ‘Lao PDR Public Finance Management Modernization Project (P167534)’.
9 Ibid.
10 Ibid.
The share of each sector’s expenditure as a percentage of total government expenditure is illustrated in Figure 6 below. The average share of the health sector over FY2014-15 to FY2019 is 6.4 per cent, education’s is 12.8 per cent and agriculture’s is 2.3 per cent.
The proportion of expenditure varies according to the sector. In FY2014-15 to FY2019, the health sector spent a significant amount of its budget (42%) on (62) operating and maintenance expenditure and (63) technical activities, subsidies and contributions, as indicated in Figure 7. 32 percent was spent on (60) wages and salaries and (61) remunerations and allowances, only 1% on (66) new purchases for operations and 25% on investment expenditure.

Expenditure in the health sector (62) and (63) is higher than the average total expenditure of the government and also differs from the education and agriculture sectors. Expenditure on (62) and (63) was only 14 per cent in education, 9 per cent in agriculture and 15 per cent of total government expenditure.

The education sector accounted for the largest share (70 per cent) of the salaries and allowances of employees ((60) and (61)) while political allowances, and investment expenditure amounted to 16 per cent. More than half of the budget of the agricultural sector was spent on investment expenditure (around 55 per cent), followed by expenditure from accounts (60) and (61) at 34 per cent, accounts (62) and (63) at 9 per cent and accounts (64) to (66) at 2 per cent.

The share of domestic and foreign investment expenditure also differs by sector. On average, domestic investment accounts for 36 per cent of total investment expenditure. When comparing the three sectors, health accounted for the largest share of foreign investment expenditure at 88 per cent, whereas the education and agriculture sectors accounted for 69 per cent and 57 per cent respectively.
3.3 Policy, planning and budgeting framework

Fiscal policy in Lao PDR is at present formulated on an annual basis and is bound principally by the Budget Law 2006 and its 2015 revision, as well as by various other laws such as education and health laws, decrees (e.g. 269/PM, 25/PM and 80/PM) and guidelines.

Each year the MOF issues a budget circular and budget ceilings to line ministries and provincial governments, based on revenue projections for the coming year.
The line ministries and provincial governments submit their budget proposals to the MOF and their public investment programmes (PIPs) to the MPI for consideration and approval. The budget is then drafted and submitted to the National Assembly for approval (with hearings closed to the public). If additional financing is required to cover deficits, the MOF requests the Bank of the Lao PDR to issue sovereign bonds. Revenues and expenditure are monitored throughout the financial year and, if required, the budget is revised. The State Audit Organization (SAO) is responsible for auditing accounts at both national and provincial levels and produces an annual report (the most recent was published in 2014–2015).

As the budgeting process is based on an annual timeframe, there is no direct assessment of or alignment with development planning objectives. It is envisaged that the MOF will look to implement MTEFs and results-based budgeting in the future, alongside more structural reforms introduced with the help of development partners (e.g. alignment with international budget standards and improved accounting procedures though capacity building and systems strengthening).

The budget planning process in Lao PDR is organised within the State Budget law and internal government regulations and instructions that are released within the MOF budget circular. The budget circular sets the calendar and the steps and activities of the budget planning process on an annual basis. Below is the calendar that guides annual budget planning in Lao PDR.
<table>
<thead>
<tr>
<th>DEADLINE DATES</th>
<th>STEPS</th>
<th>POLICY RECOMMENDATIONS AND ADVOCACY POINTS</th>
</tr>
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<tbody>
<tr>
<td>By March</td>
<td>Annual socioeconomic plan: Prime Minister issues an instruction for the drafting of the annual socioeconomic development plan and the budget plan by sector.</td>
<td>Awareness at the MP level as well as at the MOF level on impact on nutrition.</td>
</tr>
<tr>
<td>By May</td>
<td>Aggregate budget ceilings: MOF estimates aggregate budget ceilings for the following year, MOF indicates to MPI the overall capital investment budget ceiling and the breakdown between central government and the provinces.</td>
<td>A critical point is this step where there is a need to influence the budget ceilings and instructions to be nutrition-sensitive.</td>
</tr>
<tr>
<td>By 30 June</td>
<td>Annual MOF budget circular: Minister of Finance issues an instruction, budget circular on the formulation of the annual State Budget plan and indicative aggregate budget ceilings from the five-year medium-term budget framework based on the medium-term budget framework for the sectors at the central and local levels.</td>
<td>Influence the National Assembly Committee members on impact of nutrition in development of human capital.</td>
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<tr>
<td></td>
<td>Revenue plans: Revenue collecting departments at all levels formulate their own revenue plans detailing each type of income: regular income, technical revenue and income from extra-budgetary fund, ODA. ODA information is submitted to the MOF in two parts: for aid funds and loans through country system and to the MPI for aid funds from direct assistance, off-budget.</td>
<td>Influence the Provincial People’s Assembly members before and during budget preparation process on impact of nutrition in development of human capital.</td>
</tr>
<tr>
<td></td>
<td>Central ministries’ budget submissions: Government entities at central level formulate their budget proposals in consultation with the National Assembly’s committees and concerned sectors and send the draft budget proposals to MOF Budget Department.</td>
<td></td>
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<tr>
<td></td>
<td>Provincial budgets submission: State organizations and concerned sectors at the local level formulate budget proposals and propose them to the provincial governors or capital city mayor for approval and submission to the Local Assemblies (Provincial People’s Assemblies). Approved draft budget proposals are sent to MOF Budget Department for consolidation.</td>
<td></td>
</tr>
<tr>
<td>NA First plenary session (April–July)</td>
<td>Aggregate budget plan (expenditure and revenue) is submitted for the National Assembly’s review and approval during the first plenary session (3-4 weeks).</td>
<td></td>
</tr>
<tr>
<td>June–July</td>
<td>Ceilings to spending units and revision of the budget proposal: Once the aggregate budget plan has been approved by the NA, MOF notifies spending units of their allocations. Spending units revise their budget plans based on the notified allocations and submit their revised budget plans to the GoL/MOF.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capital budget: MPI then determines the allocations of the province capital budget ceilings for each of the 18 provinces, which are communicated to provinces as a preliminary indication and loosely based on the criteria indicated in the PIL (population, area, remoteness, and poverty levels), but also in view of different provincial investment plan targets and requirements.</td>
<td></td>
</tr>
</tbody>
</table>

11 Based on SBL Article 56 and actual 2018 State Budget submission
12 The PIL (Article 24) indicates that the province’s share shall not be less than 50 per cent of the total state capital budget
<table>
<thead>
<tr>
<th>July–September</th>
<th>Consolidated State Budget Plan:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MOF Budget Department reviews and consolidates the budget proposals into the State Budget Plan and submits a draft to the Government for consideration.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By October</th>
<th>Public Investment Plans (PIP) submission:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MPI submits the proposed PIP allocations into the overall State Budget proposal to the NA.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>November–December</th>
<th>State Budget approval:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The Government reviews and officially submits the draft State Budget Plan to the National Assembly for consideration and approval, 15–20 days prior to the second plenary session of the National Assembly (3–4 weeks).</td>
</tr>
<tr>
<td></td>
<td>The Minister of Finance notifies the Provincial authorities of the budget ceilings within 15 days of the National Assembly’s approval.</td>
</tr>
<tr>
<td></td>
<td>After NA approval, MPI communicates the approved investment budget ceiling to the provinces.</td>
</tr>
<tr>
<td></td>
<td>State and other concerned organizations at the local level, in collaboration with concerned sectors, make detailed allocations and propose them to the provincial governors or capital city mayor for further submission to the Local Assemblies’ consideration and approval and then to the MOF for consolidation.</td>
</tr>
</tbody>
</table>

| December and onward | Finally, the MOF consolidates and reports the State Budget Plan to the Government. |

As part of the process, each ministry informs the provincial office of budget preparation. In the health sector, both central and local levels of government are involved in budget preparation and execution and the following steps are used annually:

- The budget proposal is commonly prepared from the district health office.
- The budgets for hospitals, health centres and the health office are prepared together before being presented to the provincial health office.
- The provincial health office combines the amount of its own request with the budget proposal from the district to the MOH.
- The MOH then submits the national health budget to the MOF.
- In the end, the total government budget for every ministry is submitted to the National Assembly for final determination. After negotiations and prioritization of projects and expenditures, the National Assembly approves the entire budget, before the MOF allocates the amounts to the various sectors.

In Lao PDR, as a component of health, nutrition follows the same process and its budget is combined with health costs in the absence of adequate programme classification.

Source: SBI, Budget Department, 2018 State Budget circular 2168/17
4. Summary of findings

This section presents key findings of the National Plan of Action for Nutrition (NPAN) 2016–2020 costing review through an analysis of the methodology used in preparing the estimated budget, its shortcomings, formulation and financing by the Government of Lao PDR and development partners.

4.1 Analysis of the methodology of the NPAN costed plan development

NPAN 2016–2020 was developed and endorsed during FY2015 by the National Nutrition Committee Secretariat (NNC-S) based on the National Nutrition Strategy (2016-2025). The overall goal of the National Nutrition Strategy is: “To reduce malnutrition rates among women and children and improve the nutritional status of the multi-ethnic people so that they may be healthy and have a high quality of living and thus contribute to the preservation and development of the nation so that it is elevated from its status as a least developed country (LDC) in 2020 and attains its strategic targets in 2025”.

NPAN (2016–2020) employed a multisectoral convergence approach in order to accelerate the reduction of maternal and child malnutrition and to prevent the growing trend towards obesity. This involved both households and communities as well as institutional and provincial levels while including interrelated policy and strategic linkages beyond the health, agriculture and education sectors, such as gender equality, public administration reform, child rights, climate change, etc.13

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13 EU, ‘Support to the Lao PDR National Nutrition Strategy and Plan of Action CRIS number: ACA/2019/041-123’
FUNDAMENTAL ISSUES WITH NPAN 2016–2020

Before considering the structural issues and shortcomings of NPAN 2016–2020, there is a need to point out some fundamental issues that pertain to the formulation of NPAN that in turn led to ensuing problems regarding the structure, content and successful implementation of the costed NPAN 2016–2020. The review shows that:

The MOF was not involved in the costing of NPAN 2016–2020: Findings show that the MOF is part of the National Nutrition Committee Secretariat but not part of technical development of the NPAN. This led to complications that could have been addressed initially in the formulation of the NPAN, its costing and its general planning in accordance with GoL guidelines and budgeting. This caused a significant impact on the financing and allocation of resources by the Government.

The NPAN 2016–2020 is disconnected from the sectoral plans: With the exception of the MOH sectoral plan, which has the mandate to cover nutrition, the other line ministries involved in the implementation of nutrition interventions, such as the MOES and MAF, have been operating with their own sectoral plans and not in harmony with the NPAN. Indeed, there existed some level of connectivity, as per the Mid-Term Review of the NPAN (2016–2020), however this coordination of plans began in the latter period of 2018. The responsibility to oversee the harmonization of plans and to ensure that interventions in NPAN are reflected in sectoral plans falls under the mandate of the National Nutrition Committee (NNC). In many cases, sectoral plans did not reflect the NPAN and relevant line ministries did not include nutrition objectives, targets, actions and costs into sectoral and sub-sectoral policies, strategies, plans and budgets. This carried consequences in the annual planning, budgeting and overall implementation process.

FIGURE 10 PUBLIC FINANCE MANAGEMENT FRAMEWORK

Source: Authors based on field study.
**Intervention implementation plan:** While “Operational Guidelines – Multisectoral (“convergence”) approach to nutrition” is an important document that provides a summary of ‘guiding principles of steps required to operationalize NPAN 2016–2020 and maximize a multisectoral approach to nutrition’, it was adopted only in 2019. It is an overarching guiding document that intends to support decision makers, planners and technical specialists at central, provincial and district levels involved in the planning, implementation, monitoring, coordination, reporting and review of nutrition actions.

**STRUCTURAL PROBLEMS OF NPAN (2016–2020)**

As mentioned in the introduction to this section, this review has identified some important structural issues with NPAN that need to be addressed in future to ensure a steadier and more successful implementation of strategic objectives. The Implementation Framework is the main part of the NPAN and consists of twelve columns. As the findings of this analysis show below, this Framework is inadequate, limited and unspecific.

**FIGURE 11 FRAMEWORK OF NPAN 2016 – 2020**

<table>
<thead>
<tr>
<th>INTERVENTION</th>
<th>ACTIVITIES</th>
<th>INTERVENTION / ACTIVITY GROUP</th>
<th>TARGET GROUP</th>
<th>OUTCOME / COVERAGE INDICATOR</th>
<th>PRIORITY</th>
<th>EVALUATION PERIOD</th>
<th>2016 - 2020</th>
<th>MAIN ENTITIES RESPONSIBLE*</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 1</td>
<td>Provide micronutrient supplements - Activities include any micronutrients provided through supplementation or added to the diet (such as iron folic acid, vitamin A, MNP, zinc, vitamin B1 and so forth)</td>
<td></td>
<td>Source: 2008 MICS3-NNS</td>
<td>41% 30%</td>
<td></td>
<td></td>
<td>$17 668 203</td>
<td></td>
</tr>
<tr>
<td>5 1.1</td>
<td>Indicator 1: % of children aged 6-59 months with anemia (Hb &lt;11g/dL)</td>
<td></td>
<td>Source: 2006 MICS3-NNS</td>
<td>41% 30%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 1.2</td>
<td>Indicator 2: % of children aged 6-59 months who received vitamin A supplementation</td>
<td></td>
<td>Source: 2012 LSIS</td>
<td>59% &gt;80%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 1.3</td>
<td>Indicator 3: % of children aged 6-59 months with low serum retinol levels (&lt;0.70 µmol/l)</td>
<td></td>
<td>Source: 2000 LNHS</td>
<td>30.9% &lt;10%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 1.4</td>
<td>Indicator 4: % of WRA (15-49 years of age) with iron deficiency (serum ferritin &lt; 15µg/l)</td>
<td></td>
<td>Source: 2006 MICS 3-NNS</td>
<td>23% 15%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 1.5</td>
<td>Indicator 5: % of WRA (15-49 years of age) with anemia (Hb &lt; 12g/dl)</td>
<td></td>
<td>Source: 2006 MICS3-NNS</td>
<td>36% 23%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 1.6</td>
<td>Indicator 6: % of pregnant/postpartum women receiving at least 90 iron-folic acid tablets</td>
<td></td>
<td>Source: 2012 LSIS</td>
<td>24% 75%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 1.7</td>
<td>Indicator 7: % of pregnant women with anemia</td>
<td></td>
<td>No data</td>
<td>No data &lt;20%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 1.1.1</td>
<td>Review, update and disseminate national guidelines and tools related to micronutrient supplementation</td>
<td></td>
<td>Health Staff</td>
<td>No Data 80% 1 ST (2016-2018)</td>
<td></td>
<td>$1 878 255</td>
<td>MoH UN (WHO, UNICEF, INGO, Donors</td>
<td></td>
</tr>
<tr>
<td>5 1.2.1</td>
<td>Procure iron supplements for pregnant and 3 month postpartum women and provide through the relevant channel with accompanying information on usage. Conduct periodic monitoring and reporting</td>
<td></td>
<td>Pregnant and three-month postpartum women</td>
<td>No Data 80% 1 ST (2016-2018)</td>
<td></td>
<td>$2 051 107</td>
<td>MoH UN (UNICEF, INGO, Donors</td>
<td></td>
</tr>
</tbody>
</table>

NPAN lacks a breakdown of what costs are covered by which tier of government: Coordination between the central ministry and provincial and district authorities remains weak. This needs to be addressed through improved and more transparent links between national policy and locally available budgetary resources. Clearly there is no breakdown of the costs covered by Central Government and at provincial level, as well as who contributes what financially, given that provinces have their own budgets according to the fiscal decentralization in Lao PDR.
The lack of clear assignment of costs by the Government puts a significant and unnecessary financial burden on each tier of the GoL PDR. Furthermore, findings from the survey showed that, even though provincial governments of Savannakhet and Saravan were involved in planning and development of NPAN (2015), it is not clear what their involvement was in terms of costing of specific interventions which fell under a specific government sector. For example, the Department of Agriculture in Savannakhet province was involved in four Priority 1 interventions in their province which also fall under the GoL’s agriculture sector plan (P1s 15–18).

**FIGURE 12 NPAN INTERVENTIONS OF AGRICULTURAL SECTOR**

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Budget (LAK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>Increase the cultivation of crops of high nutritional value and high nutrient levels.</td>
<td>44,861,691</td>
</tr>
<tr>
<td>16</td>
<td>Produce and promote animal meat which has protein for household consumption (for example, poultry, fish, and other aquatic life). In doing so, provide the necessary materials, equipment, and infrastructure (for example, small-scale irrigation systems, agricultural service units, and so forth)</td>
<td>49,495,768</td>
</tr>
<tr>
<td>17</td>
<td>Build facilities to cater for post-harvest produce (including food dehydrators and food storage facilities) and apply technology in the processing and preservation of food so that it may remain safe and nutritious in order to ensure food security all year round.</td>
<td>22,045,506</td>
</tr>
<tr>
<td>18</td>
<td>Promote income generating activities, such as the cultivation of crops, non-timber forest products (NTFPs), and traditional medicines and foods to build household incomes.</td>
<td>27,787,148</td>
</tr>
<tr>
<td></td>
<td><strong>Total agriculture sector budget</strong></td>
<td><strong>144,190,131</strong></td>
</tr>
</tbody>
</table>

Source: NNC.

The total NPAN agriculture sector budget commitments are not broken down by province. Bearing in mind that there are 18 provinces in Lao PDR, it is not clear how each province benefits from the total allocations. This could lead to inequities in the distribution of funds. Furthermore, the budget does not consider the disparities between provinces in terms of nutrition indicators and the specificities of interventions required to address those indicators.

**NPAN lacks a breakdown of recurrent and development costs:** NPAN 2016–2020 does not provide a differentiation of types of costs. Some activities foresee different phases of implementation that take on different costs. For example, activities 6.2. and 6.3 have to do with procuring (development costs) deworming tablets, as well as distributing and delivering (recurring costs) them to beneficiaries. Though different in type, these costs are lumped together in total costs within the timeframe of four years.
### FIGURE 13 INTERVENTIONS’ RECURRENT AND DEVELOPMENT COST

<table>
<thead>
<tr>
<th>INTERVENTION</th>
<th>ACTIVITIES</th>
<th>INTERVENTION / ACTIVITY GROUP</th>
<th>TARGET GROUP</th>
<th>OUTCOME / COVERAGE INDICATOR</th>
<th>PRIORITY</th>
<th>EVALUATION PERIOD</th>
<th>2016 - 2020</th>
<th>MAIN ENTITIES RESPONSIBLE*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>TOTAL COSTS</td>
<td>RELEVANT MINISTRIES</td>
</tr>
<tr>
<td>6</td>
<td>2</td>
<td>Deworming</td>
<td>Indicator 1: % of children aged 12-59 months who have received a deworming tablet</td>
<td>Source: 2014 HMIS</td>
<td>90%</td>
<td>&gt;95%</td>
<td>$3,225,728</td>
<td>MoH</td>
</tr>
<tr>
<td>6</td>
<td>2</td>
<td>6.1 Review, update and disseminate guidelines on deworming</td>
<td>Health Staff</td>
<td>1</td>
<td>MT (2016-2020)</td>
<td>$1,398,546</td>
<td>MoH</td>
<td>UN (UNICEF), UNICEF, Donors</td>
</tr>
<tr>
<td>6</td>
<td>2</td>
<td>6.2 Procure deworming tablets for children aged 1-5 years and distribute through the appropriate channel. Conduct periodic monitoring and reporting</td>
<td>Children aged 1-5 years</td>
<td>1</td>
<td>MT (2016-2020)</td>
<td>$282,017</td>
<td>MoH</td>
<td>UN (WHO), UNICEF, Donors</td>
</tr>
<tr>
<td>6</td>
<td>2</td>
<td>6.3 Procure deworming tablets for pregnant and postpartum women and distribute in target areas through the appropriate channel. Conduct periodic monitoring and reporting.</td>
<td>Women in their 2nd and 3rd trimesters of pregnancy and postpartum women</td>
<td>1</td>
<td>MT (2016-2020)</td>
<td>$1,545,165</td>
<td>MoH</td>
<td>UN (WHO), UNICEF, Donors</td>
</tr>
</tbody>
</table>

**Source:** NNC.

**NPAN lacks detail tracking finance contribution by source:** The plan of action lists both government and development partners as sources of funding without indicating the volume of contribution, which leaves room for ambiguity. A good plan distinguishes sources of financing by contributor and year. As is shown in the table below in the column indicating “Main entities responsible” for specific interventions and activities, the relevant ministries and development partners share costing responsibilities, but the burden of costing for each is unclear.

### FIGURE 14 SOURCE OF FINANCING AND CONTRIBUTIONS FROM DEVELOPMENT PARTNERS

<table>
<thead>
<tr>
<th>INTERVENTION</th>
<th>ACTIVITIES</th>
<th>INTERVENTION / ACTIVITY GROUP</th>
<th>TARGET GROUP</th>
<th>OUTCOME / COVERAGE INDICATOR</th>
<th>PRIORITY</th>
<th>EVALUATION PERIOD</th>
<th>2016 - 2020</th>
<th>MAIN ENTITIES RESPONSIBLE*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>TOTAL COSTS</td>
<td>RELEVANT MINISTRIES</td>
</tr>
<tr>
<td>13</td>
<td>5</td>
<td>Nutrition education and communication for social behaviour change to promote good practices and healthy diet</td>
<td>The entire population</td>
<td>Indicator 1: Based on the indicators stated in the interventions</td>
<td>1</td>
<td>ST (2016-2018)</td>
<td>$24,339,071</td>
<td>MoH, MAF, MoE</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Indicator 2: % of overweight CU5s</td>
<td>2%</td>
<td>≤2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>5</td>
<td>13.2 Implement National Nutrition SBCC campaign with endorsed packages, tools and materials (including mass media), ensuring monitoring and reporting of activities</td>
<td>The entire population</td>
<td>ST (2016-2018)</td>
<td>$17,126,914</td>
<td>MoH, MAF, MoE</td>
<td>UN (UNICEF, WHO, WFP), iNGO, Donors</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>5</td>
<td>13.3 Raise awareness in order to bring about a change in practices for healthy living</td>
<td>The entire population</td>
<td>ST (2016-2018)</td>
<td>Associated with SD1, 9.1</td>
<td>MoH, MAF, MoE</td>
<td>UN (UNICEF, WHO, WFP), iNGO, Donors</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>5</td>
<td>13.4 Disseminate information on nutrition via mass organizations: the LWU, the Central Lao Front for National Construction (LFNC), and others.</td>
<td>The entire population</td>
<td>ST (2016-2018)</td>
<td>$5,551,216</td>
<td>MoH, MAF, MoE</td>
<td>UN (UNICEF, WHO, WFP), iNGO, Donors</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>5</td>
<td>13.5 Provide education on good hygiene and environmental practices (promote handwashing with soap, toilet use and a reduction in open defecation through community engagement)</td>
<td>The entire population</td>
<td>ST (2016-2018)</td>
<td>$274,976</td>
<td>MoH, MAF, MoE</td>
<td>UN (UNICEF, WHO, WFP), iNGO, Donors</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** NNC.

Who contributes what, and when?
Inadequate financing compared with initial costing and high reliance on development partners: The estimated cost of NPAN 2016–2020 is US$411.3 million in total. When assessing the annual breakdown and the costs required in each fiscal year, the first two years make up 51% of the overall cost with year one at 32% of the overall NPAN cost. Even though there are differences of funds required per year, the lack of financing creates a gap between current investment in nutrition and the costed needs. During the first year, only 28.2 per cent of the NPAN annual commitments against actual expenditure were fulfilled and in the following years the rate varied from 34.8 per cent to 56.7 per cent. There is a significant gap each year that is carried over to the following years, suggesting that the commitment to expenditure ratio increased from year to year.

FIGURE 15 COMMITMENTS AND ACTUAL EXPENDITURE OF NPAN 2016 – 2020

The chart above shows that NPAN costed commitments were significantly larger than nutrition expenditure. Annual financing on nutrition interventions for four fiscal years (2016–2019) from all sources of financing did not surpass 34.5 per cent of NPAN annual planned costs. FY2017 was financed better than other years, reaching US$43 million out of US$77 million of NPAN annual planned cost but overall financing over the course of four years reached US$141.9 million, or 34.5 per cent of the total NPAN costs. This shows that more than 60% of the estimated budgeted of the NPAN was not financed.

High reliance on development partner support: Findings reveal that a significant proportion of nutrition recurrent costs is covered by development partners. Out of the total actual financing of US$141.9 million which was allocated to NPAN 2016-2019, 89.7 per cent was financed by development partners, while the remaining 10.3 per cent was financed by the GoL PDR. This indicates a high level of dependency on foreign funds channelled through development partners.

Financing of low-impact nutrition interventions: The interventions of the NPAN (2016–2020) were identified based on the 2013 Lancet Series on Maternal and Child Nutrition and the 2016 Lancet Series on Breastfeeding. For stunting, wasting and anaemia, literature reviews were conducted to identify any additional evidence reviews and meta-analyses published after the publication of the Lancet series. For example, the investments in micronutrient supplementation and fortification are the lowest in unit cost.
(a cost per child per year of about US$5), have high cost-effectiveness (US$10 per disability-adjusted life year for vitamin A supplementation and US$73 per disability-adjusted life year for therapeutic zinc supplementation) and return significant benefits in terms of cost ratios (8:1 for iron fortification of staples; 30:1 for salt iodization). These micronutrient interventions are also known to work well even when capacities are constrained.\textsuperscript{\text{14}}

The analysis showed that a significant proportion of funds goes into the implementation of interventions that are costly but have relatively low impact on nutrition outcomes. Some of these food security or social protection interventions do not need to appear as priority one (1) interventions in the NPAN. One example is the provision of food in schools. While this has proven to improve educational outcomes in many low-income settings, the impact on health and nutrition is very low. During the period 2016–2020, an estimated amount of US$38,154,454 is required for the implementation of school meals in the country. This will largely be financed by development partners such as World Food Programme (WFP) and Catholic Relief Services (CRS).

\textbf{FIGURE 16 COST OF INTERVENTIONS AND PROGRAM NPAN 2016 – 2020}

\begin{table}[h]
\begin{tabular}{|l|l|l|l|l|l|l|l|l|l|}
\hline
\textbf{1} & \textbf{19} & \textbf{19.5} & Provision of food in 2,349 target schools in 2,326 villages, exclusive of schools in focus areas & 2,349 schools & 1 & LT(16-25) & $27,976,017 & IEC, DPPE, MOH, MAF provinces, districts, schools, GOL students & WFP, CRS, EDF \\
\hline
\textbf{1} & \textbf{19} & \textbf{19.6} & Provision of food in 517 schools exclusively in 64 focus points in 56 districts & 517 schools & 0\% & 0\% & 1 & LT(16-25) & $10,178,438 & IEC, DPPE, MOH, MAF provinces, districts, schools, GOL students & WFP, CRS, EDF \\
\hline
\end{tabular}
\end{table}

Another example is that, over the period 2016–2020, US$90 million was committed to the agriculture sector, which would cover 63 per cent of the NPAN budget of US$144 million. Much of this budget goes into agricultural mechanization, storage facilities and other capital expenditure. This brings about the situation where specific development partners finance certain interventions that do not necessarily have significant impact on nutrition outcomes.

\textbf{Financing of nutrition commodities:} Another risk is limited predictability and sustainability in financing essential nutrition commodities such as micronutrient supplements, deworming tablets, anthropometric equipment, etc. as well as operational costs. The provision of these supplies is highly dependent on external donor funding, which led to periodic disruptions in the availability of these services in Lao PDR. The mid-term review identified some of these obstacles regarding the limitations and challenges in distribution of deworming tablets in schools: “Since 2017, there has been a delay in the delivery of tablets from central to local level, probably due to a donor ceasing support of the costs of transport. To save on the cost of transport of deworming tablets the Ministry of Public Health has transported tablets together with the other medicines distributed by the Ministry. Often, when medicines arrive in the province, officials have to waste time separating deworming tablets from other medicines that were transported in the same

\textsuperscript{14} Norton, S, et.al., Scaling Up Nutrition What Will It Cost?
container, resulting in the delay of distribution in schools and delays in reporting the distribution of medicine to students. –

Emergency preparedness and response plan is missing: As also indicated in the mid-term review, the NPAN (2016–2020) did not make provision for emergency preparedness and response. Emergencies such as COVID-19 could impact on implementation of the NPAN as well as expected results. A good emergency preparedness and response plan can mitigate the shocks associated with emergencies, thereby minimizing their impact on existing programmes and affected populations.

NPAN lacks a breakdown of one-off and continuous interventions: The NPAN does not distinguish between various types of interventions that incur different costs. For example, the first table below shows activity 8.3, which is a typical one-off activity that involves one-time costs; whereas the second table shows a continuous intervention that is likely to occur multiple times. Differentiating between types of interventions is key to a more accurate and sustainable plan of action.

**FIGURE 17 ONE-OFF AND CONTINUOUS INTERVENTIONS**

<p>| | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8</td>
<td>8.3</td>
<td>Procure and provide basic equipment and vehicles for service units to use in their operations to promote exclusive breastfeeding and to promote counseling for infant and child care and for the monitoring of child growth.</td>
<td>1%</td>
<td>1%</td>
<td>ST(16-18)</td>
<td>$865,913</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>General public</td>
<td>21% (mothers)</td>
<td>75%</td>
<td>LT(16-25)</td>
<td>Associated with Activity 14.1</td>
</tr>
<tr>
<td>6</td>
<td>14</td>
<td>14.5</td>
<td>Provide health education on sanitation, environmental protection, and the promotion of toilet use.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: NNC

NPAN 2016–2020 CONTENT

Findings show that some NPAN interventions and activities are broad, vague and far-reaching – and consequently hard to measure.

Some NPAN activities lack clarity on expected results: Some activities and interventions, like the ones shown in the table below, are vague and unclear on the expected results. This could negatively affect sources of funding and subsequent implementation of such activities.

**FIGURE 18 UNCLEAR EXPECTED RESULTS’ ACTIVITIES**

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>13</td>
<td>13.5</td>
<td>Raise awareness in order to bring about a change in practices in order to promote healthy living</td>
<td>The entire population</td>
</tr>
<tr>
<td>5</td>
<td>13</td>
<td>13.4</td>
<td>Disseminate media on nutrition via mass organizations: LWU, the Central Lao Front for National Construction (LFNC), and others.</td>
<td>The entire population</td>
</tr>
</tbody>
</table>

Source: NNC

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15 Mid-Term Review, p. 65
Avoiding vague interventions will reduce the overall cost of NPAN and enable costing to be redirected to nutrition-specific interventions that are effective and have high impact and nutrition outcomes – for example, implementing SBCC messages/campaigns to address obesity among children.

**Most of the indicators cannot be measured:** NPAN does not employ the SMART\(^{16}\) methodology. According to the detailed NPAN annex within NNS there are 116 known indicators and five to be determined in 2020. These include impact, outcome and output-based indicators. In addition, there are indicators for each activity. Lessons from the Millennium Development Goal era demonstrate that clear, ambitious targets can ignite countries to action.

**NPAN IMPLEMENTATION PROCESS**

**The NPAN annual implementation plan lacks a review of the status of the implementation of activities from the five-year NPAN 2016–2020:** An annual plan is imperative in order to help reformulate some of the vague indicators and activities. According to the State Budget Law (2015) of the GoL PDR, the budget planning process indicates that the NPAN costing must be extracted into a one-year plan. The NNC should review the previous year’s implementation plan and identify complete, pending and incomplete activities as well as carry over some of activities that are still relevant. This data should then be included in the forthcoming plan for the next fiscal year. This will also address the issue of disparities or inequalities in nutrition needs in certain provinces. The NNC should also consider strengthening planning and budgeting skills for the provincial and district nutrition committees.

**Fragmented planning in nutrition is a huge obstacle for successful NPAN implementation:** The current planning system is fragmented and is therefore not ideal for collecting complete information on budgeting for nutrition, including financing from development partners. All sectors and provinces plan separately, without proper coordination.

**Transparency on nutrition planning, budgeting and spending:** Adequate planning and budgeting enhance transparency and oversight and are critical for assessing and scrutinizing the level of public spending on service delivery related to nutrition in provinces and districts. The lack of annual plans on nutrition interventions may reduce the transparency of budget and expenditure efficiency. Addressing weaknesses in budget transparency between the roles and priorities of each tier of the Government responsible for the delivery of public services will be a key factor for the success of the present action. Furthermore, financial data on nutrition is scattered across sectors, with no mechanisms for collecting data specific to nutrition. The absence of a unified system for collecting and analyzing nutrition financial data does not allow for efficient and evidence-based planning and budgeting. An online financial tracking tool will enhance the monitoring and tracking of expenditures.

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\(^{16}\) SMART stands for Specific, Measurable, Action-oriented, Reasonable and Time-bound.
4.2 Annual analysis of NPAN financial commitment planning against realization

**SIZE OF SPENDING**

Due to the unavailability of data on allocations and expenditures from the MOF Treasury, the review of data shown below is based on the National Nutrition Committee Secretariat’s annual financial tracking from various sectors, including aggregated development partners’ data. It is worth noting that the GoL PDR cannot report to the NNC-S because nutrition-related financial data is merged with other data. Reporting and collection of financial data on nutrition from various sectors are limited and remain a challenge for the NNC.

Total estimated cost of NPAN 2016–2020 is US$411.3 million for the total of five years. This means that US$141.2 million or 34.5 per cent of the planned total cost was financed within NPAN 2016-2019 17, whereas the remaining US$231 million, or 65.5 per cent of the planned cost remained unfunded.

According to the planned NPAN annual costs, the largest burden falls under year 2016 at US$131.2 million, followed by year two at US$77.3 million, decreasing to US$66.3 million and US$66.9 million for years three and four while for the last year it increases slightly to US$69.6 million.

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17 Given that fiscal year expenditures are still unknown we have calculated implementation for FY2016–2019.
Contribution for all sources to nutrition financing in FY2015/16 began with US$37.4 million, increased to US$43 million in FY2017, decreased significantly in FY2018 to US$23.1 million and it increased again to US$38.3 million in FY2019. That FY2020 expenditures from both the GoL PDR and development partners are not completed yet, since the fiscal year is still ongoing, is reason for its exclusion from the figure below. The increase in FY2019 was the result of the introduction of school meals in the education sector.

FY2020 expenditure will not follow the same pattern as FY2019 due to COVID-19’s impact and is therefore excluded entirely from the calculation. Nutrition financing has been unpredictable for several reasons. Firstly, the financing provided by the GoL PDR has fluctuated from year to year. Secondly, development partner financing is mostly project-based and time-bound. Thirdly, the fluctuation of funding creates the knock-on effect of reducing the credibility of the budget. Fourthly, in the absence of annual planned budgets
on nutrition, it is not possible to determine whether the decline in the nutrition budget is due to the MOH allocating funds for purposes other than nutrition needs, or inability of the respective units responsible for nutrition to spend the allocated budget.

**FIGURE 22 FINANCIAL GAP (IN MILLION US$)**

Given the inadequate financing the gap has grown and the chart above shows how the financing could not meet the planned needs across the NPAN’s lifespan. The gap between the current investment in nutrition and the needs articulated in the NPAN is widening due to inadequate annual budget allocation on an annual basis. When analysing the accumulated needs that are not covered financially from year to year, the total four-year cumulative reaches US$199.9 million or 48.6 per cent.

**Key takeaway messages:**

- Nutrition should continue to remain a priority of the GoL PDR.
- The relevant ministries should consider progressively increasing the allocation of resources for nutritional interventions and this increase should be indicated in the annual costed sectoral plans and annual budget.
- The GoL PDR should consider earmarking and ringfencing the nutrition budget to avoid reallocation of funds intended for the implementation of nutrition interventions in other areas.
- The GoL PDR should invest in high-impact interventions which contribute to the nutrition outcomes as per the National Nutrition Strategy.
- The GoL PDR should also strengthen the functional capacity of the National Nutrition Committee (NNC) with permanent staff and training opportunities. There is a need for collaboration between the NNC and MOF to improve budgeting and coding of nutrition-related activities. Also, closer engagement with the Ministry of Planning and Investment (MPI) to improve planning tools in support of nutrition planning is highly desirable.
Nutrition expenditure by sources of financing: The total four-year spending reached US$141.9 million in nutrition financing, of which US$14.7 million came from domestic GoL resources and the remaining US$127.1 million from foreign funds through development partners. This means that 34.5 per cent of the planned total cost was financed within NPAN 2016-2019, whereas the remaining US$269.5 million or 65.5 per cent of the planned cost remains uncovered.

The reliance on development partners remains high, with 89.7 per cent of the total NPAN funding coming from them. This has an impact on sustainability and continuity of actions beyond the support of the DPs.

COMPOSITION OF NUTRITION SPENDING BY PROGRAMME

When assessing nutrition spending by programme against commitments in the NPAN 2016-2019, only 34.5% of the plan was implemented. The key interventions which fall under health are pivotal in changing the nutrition outcomes yet according to expenditure incurred the health sector remains the least financed of four sectors implemented, at just 25.5 per cent.

The calculation excludes 2020 expenditure since the review was taking place before the fiscal year was completed.

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**FIGURE 23 EXPENDITURE BY SOURCE**

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Total Nutrition Spending (in Illion US$)</th>
<th>NPAN Five-Year Commitment (in Million US$)</th>
<th>NPAN Implementation through the Lifespan of Four Years (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multisector</td>
<td>17.5</td>
<td>32.4</td>
<td>53.9%</td>
</tr>
<tr>
<td>Health</td>
<td>44.5</td>
<td>174.7</td>
<td>25.5%</td>
</tr>
<tr>
<td>Education</td>
<td>29.0</td>
<td>60</td>
<td>48.4%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>50.9</td>
<td>144</td>
<td>35.3%</td>
</tr>
<tr>
<td>Total</td>
<td>141.9</td>
<td>411.3</td>
<td>34.5%</td>
</tr>
</tbody>
</table>

Source: NNC-S, Ministry of Health
This clearly indicates that there is a need for prioritization in the next NPAN to ensure that high-impact nutrition interventions which are mostly implemented in the health sector are well resourced. This was not the case in the NPAN 2016–2020.

**COMPOSITION OF ANNUAL NUTRITION SPENDING BY PROGRAMME**

**Annual nutrition financing by sector:** When comparing the year-to-year annual spending across sectors, multi-sectoral spending in nutrition governance has been predictable, ranging between US$3.3 million and US$5 million. The health sector has fluctuated across the four years, ranging from US$15.5 million in FY2015/16 to a decrease at US$13 million in FY2017 with a significant decrease to US$5 million in FY2018 and then an increase to US$11 million in FY2019.

**FIGURE 25 CHANGE OF EXPENDITURE BY YEAR**

<table>
<thead>
<tr>
<th>IN US$ MILLION</th>
<th>FY 2015-6</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi-sector</td>
<td>↓ 3.3</td>
<td>↑ 4.9</td>
<td>↓ 5.0</td>
<td>↓ 4.2</td>
</tr>
<tr>
<td>Health</td>
<td>↑ 15.6</td>
<td>↑ 13.0</td>
<td>↓ 5.0</td>
<td>↑ 11.0</td>
</tr>
<tr>
<td>Education</td>
<td>↑ 10.0</td>
<td>↑ 9.5</td>
<td>↓ 4.2</td>
<td>↓ 5.3</td>
</tr>
<tr>
<td>Agriculture</td>
<td>↓ 8.5</td>
<td>↑ 15.7</td>
<td>↓ 8.9</td>
<td>↑ 17.8</td>
</tr>
<tr>
<td>Total</td>
<td>↑ 37.4</td>
<td>↑ 43.0</td>
<td>↓ 23.1</td>
<td>↑ 38.3</td>
</tr>
</tbody>
</table>

*Source: The National Nutrition Committee Secretariat’s annual financial tracking.*

The greatest steady decline was in the education sector, which is evident especially during the last two fiscal years, namely FY2018 and FY2019, recording reductions of US$4.2 million and US$5.4 million. Agriculture has also fluctuated and increased significantly in FY2019 by US$17.8 million.

**NUTRITION EXPENDITURE BY INTERVENTION**

The overall nutrition expenditure in 2019 was US$38.3 million, out of which only US$15.03 million was spent on high-impact interventions such as maternal neonatal and child health (US$5.51 million), infant and young child feeding (US$4.72 million), nutrition governance (US$4.3 million) and micronutrient supplementation (US$0.5 million), comprising just 42.6 per cent of total expenditure. Other interventions which have lower impact on nutrition comprise 57.4 per cent of the total expenditure in 2019.
Findings from province and district levels show that there are huge disparities in the distribution of funds. In order to consider the disparities among provinces with relation to the levels of stunting and wasting, for example, and distribute its resources in accordance with the specific needs of provinces, the GoL PDR needs to have a strategy of equal distribution of its resources related to nutrition.

### 4.3 Budget credibility

Although the budget credibility at the aggregate government expenditure level is rated “A” for FY2015/16 within Lao PDR, according to the PEFA Assessment, this is not the case and does not apply to the sectoral budget where budgets deviate from their original plans.

For the budget to be an effective instrument for policy implementation, it is important that it is credible. The credibility of the budget is measured by the ratio of actual expenditure at the end of the fiscal year to the budget approved at the beginning of the fiscal year. Unfortunately, credibility of the budget cannot be assessed for two reasons: first, that there is no specific approved budget for nutrition at the beginning of each year and, second, that actual expenditures are estimates that were extrapolated from interviews with key stakeholders.

### Key takeaway messages

- Nutrition should have its own second-tier codes across the GoL PDR Treasury chart of the accounts for respective line ministries and provinces.
- Planning for nutrition will allow for comparison of actual nutrition expenditures and financial tracking.
4.4 Budget execution

Findings from interviews show that the allocated budget is executed with delays especially at the province and district levels. Delays in budget disbursement extend for two to three quarters each year and these slow down or postpone activities into the next periods of the plan. Delays further reduce expenditure efficiency, mainly because the spending unit rushes to spend funds before the end of the fiscal year in order to reflect a good absorption rate.

Delays in disbursement apply to provinces only and the reason is prolonged spending procedures and documentation, extending the time for budget execution. Some departments and units must propose their budgets through other departments, instead of directly to the ministries or the Government. It adds extra time for the budget procedure and if the procedure takes too long, some activities might not be implemented within the current fiscal year. This has adverse effects on the targeted beneficiaries of these services. For example, children suffering from severe acute malnutrition require therapeutic supplies for their treatment. Delays in procurement or the supply chain could result in deaths.

Key takeaway messages

- Strengthen the capacity of staff of the MOH, especially those responsible for nutrition services, to plan and adequately budget for nutrition at all levels.
- Advocate for streamlining of the requisition and approval process within health and other sectors, to ensure timely release of funds.
- Build capacity of staff on planning, budgeting and coordination at all levels.
This section presents the conclusions and recommendations on review of the costing of the National Plan of Action for Nutrition (2016–2020). The following recommendations are therefore made to guide the development of the next NPAN (2021–2025). The text in grey italics provides more details and steps on implementing the recommendations.

**Recommendation 1:** Before drafting NPAN 2021–2025, the drafting committee should ensure participation of relevant stakeholders and build consensus on the rationale, methodology, assumptions, activities and interventions as well as units and type of costing.

The MOH, in close consultation with the MOF and the MPI, should coordinate the costing process. Costing of the next NPAN 2021–2025 should:

- be in line with existing chart of accounts but also be mapped with the new chart of accounts being prepared as part of the Financial Management Information System, with the help of development partners.
- be aligned with Ministerial Medium-Term Budget Framework and/or Medium-Term Expenditure Framework.

**Recommendation 2:** The MOF of Lao PDR should be directly involved in the technical development of the next NPAN 2021–2025 – especially the costing of interventions.

Costing of the next NPAN should be co-led by the MOH, the MOF and the MPI.
**Recommendation 3:** The NPAN 2021–2025 should be in harmony with sectoral plans.

- The NNC should take a lead role in ensuring that the next NPAN is in full accord with the sectoral plans.
- Sectoral plans should reflect NPAN 2021–2025 interventions and activities and include its nutrition objectives, targets, activities and costs into sectoral and sub-sectoral policies, strategies, plans and budgets.

*When drafting the annual budget preparation guidelines, the MOH should incorporate, with the support of the MOF, a section which indicates the GoL PDR’s annual nutrition commitments within the sectoral plans. The additional nutrition financing aspect included in the annual budget preparation guidelines would support advocacy for increased resource allocation, with focus on the GoL PDR’s sources of financing.*

**Recommendation 4:** The NPAN 2021–2025 should include a clear intervention implementation plan.

- The GoL PDR should maximize its multisectoral approach to nutrition and also provide more oversight of the convergent approach by following and enacting the guiding principles of steps provisioned in the Operational Guidelines (2019).
- The NNC should consider an annual multisectoral implementation plan, so that areas of collaboration and complementarity for improved nutrition can be identified.

*The NNC’s capacity should be strengthened with technical assistance and additional staff to carry out its oversight mandate, as well as in support of the line ministries and provinces in budgeting and reporting on nutrition.*

**Recommendation 5:** The NPAN 2021–2025 Implementation Framework should have a breakdown of costs covered by each tier of government.

- The plan should specify which costs are for the Central Government and which for provincial level.
- The Government should have a clear assignment of costs, according to the various levels of government.
- Sectoral budgets should be broken down in order to specify the benefits for each province from the total cost.
- The Implementation Framework should consider the disparities between provinces in terms of nutrition indicators to guide allocation of resources.

*The next NPAN 2021–2025 costing process should consider a bottom-up approach from district level to national level, with a particular focus on provinces where nutrition outcomes are not at desired levels. This will ensure that the budgets are evidence-based and strengthen ownership of the process as well as the transition to the GoL PDR financing.*
**Recommendation 6:** The budget of the NPAN 2021–2025 should align with the Government’s chart of accounts.

- The NPAN should differentiate costs by chapter (60) to (67) as per the chart of accounts used in the planning and Treasury by including the following seven accounts:
  - (60) salary and employee allowances.
  - (61) compensation and policy allowances.
  - (62) operation and maintenance expenditure.
  - (63) technical activities, subsidies and contribution.
  - (64) financial expenditure.
  - (65) other expenditures.
  - (66) new purchase for operation; and,
  - (67) the capital expenditure account.

For the upcoming fiscal year’s budgeting process all nutrition-related activities should be budgeted for under account 63 as per the MOF’s suggestion during the validation meeting. This critical information should be passed in the form of a budget circular to the line ministries, provinces and districts before the budget planning process is concluded.

While in the long run the new chart of accounts and its classification layers should accommodate nutrition spending in form of programmes/sub-programmes as well as in the functional classification.

**Recommendation 7:** The NPAN 2021–2025 should clarify contributions by source of financing.

- The NPAN Implementation Framework should specify the share of financial burden of both the GoL PDR and each development partner per intervention and activity.
- The Framework should specify who contributes what annually. The NPAN should commit to an annual review of development partners’ and Government’s contributions through an established financial tracking system.

Once the NPAN 2021–2025 is developed, commitment and pledges from all stakeholders can be recorded while the costing process takes place. The remaining unfunded activities should be tabled by the GoL PDR at a nutrition financing conference where the GoL PDR and development partners would commit and pledge funds for those outstanding activities.
Recommendation 8: The NPAN 2021–2025 should incorporate an advocacy and resource mobilization plan for increased public financing of nutrition interventions.

- The NPAN should create a breakdown of annual costs to avoid assumptions of average annual costs and limit the gap between annual planned costs and annual financing on nutrition interventions from all sources of financing.
- Before drafting the next NPAN, the GoL PDR should perform a fiscal space analysis with plans to progressively absorb the cost of NPAN implementation.
- Development partners should support the fiscal space analysis and the creation of a budget line on nutrition through the provision of technical and financial support.

The GoL PDR and development partners may not be able to commit and respond to nutrition needs at desired levels given that 2021/2022 may still focus on COVID 19 response measures, mitigation and recovery. Planned activities should be as realistic as possible. This means that the NPAN annual planned activities should be in line with the ability of the GoL PDR and development partners’ ability to fund them.

Recommendation 9: The GoL PDR should establish a pooled funding mechanism to support the next NPAN implementation.

- The GoL PDR should advocate for, and make efforts to initiate, a country-based pooled funding mechanism which would help allocate increased or additional budget for the NPAN.
- Pooled funding ensures that funding is earmarked and ringfenced for nutrition use only.

The MOH could achieve sustainable financing by creating a nutrition pooled funding mechanism whereby financing from all sources would be channelled into the pool. Thereafter the NNC, in close alignment with the MOH, the MOF and MPI, would distribute the funds for high-priority interventions and activities in line with the NPAN 2021–2025. A pooled fund would carry forward funding from year to year given that the fund is earmarked for nutrition use only.

Recommendation 10: The NPAN 2021–2025 should provide an efficient mechanism to prioritize evidence-based interventions.

- NPAN costing should be informed by a prioritization of high-impact and low-cost interventions which reduce key nutrition outcome indicators.
- The NPAN should relegate priority 1 interventions that are low-impact but high-cost into priority 2 interventions. These include interventions that do not directly impact on child and maternal nutrition and health outcomes.
Prioritization should be done for two reasons:

- In case the GoL PDR is not able to match the nutrition budget needs, such as NPAN annual costs surpassing the GoL PDR’s abilities to finance all planned interventions, and
- To refocus on high-impact and low-cost interventions.


- An EPRP will enhance nutrition activity response in the event of emergencies in the country and mitigate the shocks associated with emergencies like the COVID 19 pandemic, perennial floods and drought.

Recommendation 12: The NPAN 2021–2025 should include a breakdown of one-off and continuous interventions.

- To ensure a more accurate and sustainable plan of action, the NPAN should specify which activities incur one-time costs and which ones will reoccur multiple times.

Recommendation 13: The NPAN 2021–2025 should prioritize interventions which contribute directly to nutrition outcomes.

- The NPAN should avoid interventions which are vague, broad and/or impossible to measure; instead, it should prioritize those which directly improve nutrition targets and outcomes.

Recommendation 14: The next NPAN should drafted using the SMART methodology in the formulation of indicators. Activity-based indicators should be avoided with focus rather on a few output indicators per intervention.

Recommendations 13 and 14 are mainly related to interventions which need to be SMART, which stands for Specific, Measurable, Achievable, Realistic and Time-bound. Avoiding vague interventions and activities will improve implementation success rate.
**Recommendation 15:** NPAN annual implementation plan should be extracted annually from the NNSPA 2021–2025 framework.

- The NPAN annual implementation plan provides evidence for reviewing the scope of implemented activities. It also provides evidence for reviewing and reformulating activities, interventions and indicators. This should be aligned with the Government’s planning and budgeting cycle to ensure timely approval and disbursements.
- The annual implementation plan should inform the annual budgeting of activities.

*The NPAN 2021–2025 activities should be directly linked with spending units’ planned budgets. Budget guidelines specific to nutrition, as indicated in Recommendation 6, should be employed for the upcoming fiscal year.*

**Recommendation 16:** The drafting committee of the next NPAN should avoid fragmented planning and strengthen its data collection mechanism.

- There should be a unified and more efficient financial data collection process in budgeting for nutrition, including that of developing partners. The establishment of an online system will facilitate collection, minimize errors and ensure efficiency. The current practice of using an Excel-based tool with different analytical frameworks is not useful.
- The NNS’s multisectoral convergent approach to nutrition should be strengthened by promoting and enforcing operational guidelines for sub-national coordination. This will strengthen multisectoral collaboration and convergence.

*Technical assistance to support planning, monitoring and evaluation as well as reporting will strengthen accountability and results tracking over the lifespan of the new NPAN. This technical assistance will help the NNC at district, province and national levels as well as line ministries to strengthen planning, coordination, M&E and reporting processes.*
References

15. UNDP, Lao PDR Human Development Index Source, 2019.
a. Research methodology

CONCEPTUAL FRAMEWORK

The 2030 SDG 2 agenda on “End hunger and achieve food security and improved nutrition and promote sustainable agriculture” creates demand for better use of public funds for greater and more equitable results. Domestic resource mobilization, public expenditure tracking and reporting are all central to both the SDG Means of Implementation and the 8th National Social and Economic Development plan for years 2016–2020.

A first step in the application of a PFM in Nutrition or PF4C approach is diagnostic in nature. It concerns the focused analysis on some aspects of the results chain, shown in the figure below.

**FIGURE A1 PFM AND SOCIAL SECTOR LANDSCAPE**

The results chain graphically shows the transformation from formulation of policy objectives, development of programmes and plan to the resources allocated in the budget which are then turned into actual expenditures. These in turn lead to sector outputs, including improved service provision, such as providing new-born babies with adequate nutrition. Sector outputs of this nature then turn into population outcomes, for example, nutritional status of children under the age of 5 and pregnant women.
The budgeted amounts allocated are compared with a number of other indicators, such as budgets per capita; budgets as a share of GDP; budgets for nutrition compared to budgets for other spending areas; budgets (from all ministries) for nutrition in Lao PDR.

The analysis seeks to review the costing of the NPAN and determine which resources were made available from the GoL PDR for the nutrition intervention within budgets and expenditures.

An analysis of budget allocations will first and foremost describe how much has been budgeted for nutrition programmes, for the last three years starting from fiscal year 2016. Provided that the data exist, the following disaggregation will be done by:

- programme (tier of national government)
- nutrition programme.
- geographical unit.
- economic classification (often salaries, goods and services such as procurement and distribution of vitamin A supplements, etc.).
- functional classification (which might comprise a certain disaggregation of the programmatic areas).
- source of financing.

The budgeted amounts obtained are then typically compared to a number of other indicators such as budgets per capita; budgets as a share of GDP; disaggregated and identified budgets for health and nutrition compared with budgets for other spending areas; budgets for health and nutrition in Lao PDR compared with similar budgets for other countries in the region.

**RESEARCH DESIGN AND TOOLS**

The NPAN costing review is the first of its kind in Lao PDR and it therefore falls into the category of exploratory research.

The research question and sub-questions were answered through an analysis of primary and secondary data collected during the desk review, interviews and post-interview follow-ups. The process of reviewing the costed NPAN was carried out from March–September 2020 following these steps:

- **INCEPTION PHASE** (FOCUS ON METHODOLOGY AND STRUCTURE OF REVIEW)
- **INTERVIEWS, DATA COLLECTION AND FOCUS GROUP DISCUSSIONS**
- **INITIAL REVIEW DRAFT WITH HEADINGS**
- **FINALIZATION OF THE REVIEW OF THE COSTED NPAN**

Budget and expenditure analysis highlight the extent to which key nutrition services and interventions are resourced and the extent to which those resources are adequate for providing the capacity required for the system to contribute to the implementation of NPAN 2016–2020.
STAKEHOLDERS AND DATA SOURCES

Key stakeholders:

The following key stakeholders were identified and interviewed:

- National government level: MOF, MOH, MAF and MOES;
- Sub-national (provincial) government of Saravan and Savannakhet: the provincial counterparts of national government ministries such as Ministry of Health, Ministry of Finance, Ministry of Education and Sports and Ministry of Agriculture and Forestry;

The following quantitative data were requested from stakeholders:

- Detailed and disaggregated budgeted (planned) and actual expenditure data from the authorities responsible for activities related to the focus areas of the research, including:
  - detailed budgets from FY2016–2020, for each identified Ministry, Department or Agency (MDA) referred to above, including the two provinces and the Central Government MDAs, ideally disaggregated so as to show the nutrition budgets;
  - detailed actual expenditure for FY2016–FY2019 given that the study was carried out mid-FY2020, disaggregated for each MDA referred to above for the areas referred to above;
  - all above data to be classified in terms of programmes/projects/activities or whichever way they are classified in the national accounts; and
  - all above data to be disaggregated/classified in terms of economic classifications, namely: recurrent expenditure (distinguishing at least between salaries and wages and goods and services), capital (developmental) expenditure and transfers to other entities.
- Sectoral plans for health, education and agriculture, for all periods starting with 2016.
- Budget instructions for both recurrent and capital expenditures at both national and provincial levels.

The following qualitative data were requested from stakeholders:

- Narrative reports and sectoral plans from the MDAs referred to above, for example, annual reports, strategic plans, operational plans, descriptions for each programme, projects or activity; and
- data collection during in-depth interviews with key informants at both national and sub-national levels.

Quantitative data collection aimed to provide disaggregated budgetary data which would directly satisfy the research questions. Qualitative data provided the context, addressed the key policy questions behind nutrition-focused planning and budgeting, indicated appropriate and workable recommendations for improvements and pointed out major research issues for follow-up actions in Lao PDR.
DATA COLLECTION

The desk review established the understanding of government nutrition policies, strategies and budgets in Lao PDR. This included analytical findings of the NPAN mid-term review reports and key government policies, planning and budget-related documents directly obtained from the Ministry of Health, Ministry of Education and Sports, Ministry of Agriculture and Forestry as well as the budgetary process in relation to nutrition.

Publicly available resources were also considered and reviewed, including:

- resources on global practices from the SUN Initiative;
- publicly available policies, plans, budgets and other relevant resources related to nutrition planning, budgeting and expenditure, including:
  - Lao PDR State Budgets, Decree on Budget Formulation;
  - the Lancet series on Nutrition;
  - relevant and updated socioeconomic, demographic, household and expenditure statistics drawn from various reports from the Laos Statistics Bureau;
  - existing documents and relevant documents where obtained for desk review. The data collection questionnaire development was based on the desk review.

Two workshops are envisaged to be held, according to the Terms of Reference, of which the first meeting with stakeholders would focus on the presentation of the objectives of the costing review and budget analysis; formation of the analysis team and presentation of the analysis plan; and development of the methodology and questionnaires, held on May 18th. The second is foreseen to be held on presentation of findings; integration of comments/suggestions to the final product; and development of policy briefs and recommendations.

In close consultation with the Centre for Development Policy and Research (CDR) and the National Nutrition Centre (NNC) the data collection process was conducted at both national-level line ministries and departments as well as in the provinces of Saravan and Savannakhet.

Unfortunately, budget and expenditure data or the primary data from the MOF were not made available, therefore the team used other sources of data such as annual budget proposals, annual expenditure reports and responses from the questionnaire to identify nutrition budgets and expenditure.

TOOLS

One questionnaire was developed along with a master data sheet which consolidates the answers in Microsoft Excel:
• Questionnaire on tracking the GoL PDR’s nutrition expenditure, as well as assessing what worked, what did not work with the costed NPAN and its relation to government systems and development partners, planning process, execution process, bottlenecks as well as what can be improved in the future new costed NPAN;

• Table for tracking government expenditures at the national and provincial levels for both government and non-government budgets and expenditure data on nutrition in relation to the NPAN.

The tools were reviewed by the UNICEF Lao PDR team and the CDR and were translated into Lao language.

LIMITATIONS

The following is a summary of the limitations that have arisen from a methodological point of view. A lack of disaggregated and quality budget and expenditure data was identified above. Although the research team has made great efforts to obtain publicly available data, the reports on budgeted and actual expenditure obtained are not sufficiently detailed and disaggregated to allow a detailed analysis of expenditure on nutrition. Publicly available national budget data sets include data from the MOF’s website which are usually aggregated and not suitable for budget analysis.

Further data were collected through interviews and visits to provinces. To the extent possible, the team gathered non-public quantitative data directly from key stakeholders at provincial and district levels in order to bridge quantitative data gaps.

The MOF was reluctant to provide data from its systems for reasons not disclosed to us. Budget and expenditure data were not shared with the consultants’ team. The data gap was covered by collecting budget and expenditure data from other ministries.

The desk review found that even the publicly available data and those shared with the team during the interviews did not provide the level of detail and disaggregation to enable accurate budget and expenditure analysis. For example, provincial nutrition data at decentralised level, or collected from Saravan and Savannakhet, did not represent all the provinces’ allocation of resources, confirming the nature of the constraint. The lack of required data is due to a combination of factors such as a lack of budget classification and reporting systems able to provide the required level of detail and disaggregation, as well as disclosure regulations prohibiting the dissemination of detailed and disaggregated data by the GoL PDR.

Due to the general absence of the requested detailed quantitative data, primary qualitative research through in-depth interviews with key informants and secondary qualitative research through desk reviews of available data took precedence in answering the research questions.

Budget and expenditure transparency remains pivotal for future budget and expenditure analysis in the country and that is expressed in the Lao PDR PEFA assessment of year 2019 where pillar two on transparency of public finances scored a rating of D on lack of budgetary information. Moreover, given the structure of the chart of account, expenditure is not classified by function nor by sub-programme.
### b. Key respondents

<table>
<thead>
<tr>
<th>GOVERNMENT SECTOR</th>
<th>CONTACT INFORMATION INVOLVED IN LAST NPAN: Name and title (Only names were given in the NPAN need to identify few to interview), Mobile number and email address</th>
<th>CONTACT INFORMATION OF THOSE INVOLVED IN THIS NPAN: Name and Title, Mobile number and email address</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Ministry and Department</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Ministry of Health  | Dr. Phasouk Vongvichit  
Dr. Somchanh Xaysida  
Dr. Bouthavong Phengsisomboune  
Dr. Sivong Sengaloundeth  
Dr. Phisith Phoutsavath  
Dr. Bouithom Phengdy  
Dr. Soutsakhone Chanthaphone  
Dr. Khamseng Philavong  
Dr. Kopkeo Souphanthong  
Dr. Souvankham Phommaseng  
Dr. Chandavone Phoxay, former Director of NC, chandavone.phoxay@yahoo.com  
Dr. Latthiphone Oula (NC) ratthiphone@yahoo.com  
Mr. Maikho Vongxay and  
Dr. Khouanheuane Semgkhamyong | To be updated by national consultant  
Dr. Phonepaseuth Ounaphom, Director  
General Department of Hygiene and Health Promotion,phonepaseuth14@gmail.com  
Dr. Bouakeo Suvanthong, Deputy Director  
General Department of Hygiene and Health Promotion,bouakeosu@uyahoo.com  
Acting director of NC Dr. Phonesavanh Keonakhone, Deputy director NC, Phonesavanheonakhone64@gmail.com  
Dr. Rathiphone Oula, Deputy director NC, ratthiphone@yahoo.com |
| • Department of Hygiene and Health Promotion  | | |
| • Food and Drugs Department  | | |
| • Department of Planning  | | |
| • Department of Finance  | | |
| • Department of Health Care  | | |
| • Mother and Child Centre  | | |
| • Nutrition Centre  | | |
| • WASH Centre  | | |
| • Centre of Information and Education for Health  | | |
| • Department of Training and Research  | | |
| • Institute of Public Health  | | |
| **2. Ministry of Education and Sports** | Dr. Boupanh Xaymountry, Director General, Department of Planning, MoES, b_xaymountry@yahoo.com  
Mr. Sithong SIKHAO, Deputy Director of Planning Dept,  
Mr. Vimon Sisouva, Deputy Director of Finance Dept.???
Ms. Bouavanh Chanthanongdeth 98002718  
Dr. Mithong Souvanvixay  
Ms. Dara Khiemmakhoun  
Ms. Southasone Manivong 02091414019  
Mr thanongchit 29883839 | |
| • Department of Planning  | | |
| • Department of Pre-primary education  | | |
| • Joint Education Centre  | | |
| • Department of Finance  | | |
| **3. Ministry of Agriculture and Forestry** | Mr. Savanh Hanphom  
Ms. Phimmasone Xaymonty, +856 20 91189090 | |
| Department of Planning and Finance  | | |
| Committee for Rural Development and Poverty Eradication and ordinary member of the NNC  | Dr. Bouankwang Souvannaphanh  
Mr. Kingkeo Sengsouvahn | |
### 4. Ministry of Planning and Investment

<table>
<thead>
<tr>
<th>Department of Planning</th>
<th>Mr. Kalouna Dep. Director of Planning Dept. MPI, Whatapps/Mob. +856 20 22239 099</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of International Cooperation</td>
<td>Mr. Syasomphorn Phetdaoheuang, Dep. Director of DIC, <a href="mailto:sysomphorn.dic@gmail.com">sysomphorn.dic@gmail.com</a></td>
</tr>
<tr>
<td>Centre for Development Policy Research, MPI</td>
<td>Dr. Sithiroth Rasphone, Director, +856-20 55003113, <a href="mailto:sitthiroth.rasphone@gmail.com">sitthiroth.rasphone@gmail.com</a></td>
</tr>
</tbody>
</table>

### 5. Ministry of Finance

| Budget Department | Mr. Phouvong Kittavong, Director of Budget Dept. |

### 6. National Assembly

<table>
<thead>
<tr>
<th>Social and Cultural Affairs Committee</th>
<th>Mr. Alavanh Phanthavong, Director of Dept of Education and Culture, Social and Cultural Affairs Committee, <a href="mailto:alavanh2004@yahoo.com">alavanh2004@yahoo.com</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning, Finance and Audit Committee</td>
<td>Ms. Souvanxay KEUNGDALA, Deputy Head of Education and Sport Division, Education and Culture Department, Social-Culture Affairs Committee, Tel: +856 21 452667; Mobile: +856 20 22219873, <a href="mailto:souvanxay_kdl@hotmail.com">souvanxay_kdl@hotmail.com</a></td>
</tr>
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</table>

### 7. Development Partners

<table>
<thead>
<tr>
<th>ADB</th>
<th>Soulinthone Leuangkhamsing, Economist, <a href="mailto:sleuangkhamsing@adb.org">sleuangkhamsing@adb.org</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>IMF</td>
<td>Anousa Kounnavong, Economist, <a href="mailto:akounnavong@imf.org">akounnavong@imf.org</a></td>
</tr>
<tr>
<td>European Union (EU)</td>
<td>Mr. Koen Everaert, Attaché and Programme Manager, Nutrition (Cooperation), Delegation of the European Union to the Lao PDR, <a href="mailto:Koen.EVERAERT@eeas.europa.eu">Koen.EVERAERT@eeas.europa.eu</a></td>
</tr>
<tr>
<td></td>
<td>Mr. Koen Everaert, Attaché and Programme Manager, Nutrition (Cooperation), Delegation of the European Union to the Lao PDR, <a href="mailto:Koen.EVERAERT@eeas.europa.eu">Koen.EVERAERT@eeas.europa.eu</a></td>
</tr>
<tr>
<td></td>
<td>Mr. Bouasy Bouasvan, Attaché and Programme Manager, Public Finance (Cooperation), Delegation of the European Union to the Lao PDR, Bouasvan. <a href="mailto:BOUASY@eeas.europa.eu">BOUASY@eeas.europa.eu</a></td>
</tr>
<tr>
<td>Food Agriculture Organizations (FAO)</td>
<td>Mr. Sengpasueth Simmanivong, Consultant, +856 20 2222 3785, <a href="mailto:sengpaseuth.simmanivong@fao.org">sengpaseuth.simmanivong@fao.org</a></td>
</tr>
<tr>
<td></td>
<td>Mr. Sengpasueth Simmanivong, Consultant, +856 20 2222 3785, <a href="mailto:sengpaseuth.simmanivong@fao.org">sengpaseuth.simmanivong@fao.org</a></td>
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</tbody>
</table>
c. Nutrition expenditure tables

<table>
<thead>
<tr>
<th>NUTRITION EXPENDITURE IN LAO PDR</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total government expenditures (in billion Kip$)</td>
<td>17,953</td>
<td>20,177</td>
<td>21,719</td>
<td>21,900</td>
</tr>
<tr>
<td>GGE Total government expenditures (in billion US$)</td>
<td>2,244</td>
<td>2,522</td>
<td>2,715</td>
<td>2,738</td>
</tr>
<tr>
<td>GGEH GG health financing (in million US$)</td>
<td>167</td>
<td>178</td>
<td>162</td>
<td>218</td>
</tr>
<tr>
<td>GGEE GG education financing (in million US$)</td>
<td>393</td>
<td>397</td>
<td>341</td>
<td>459</td>
</tr>
<tr>
<td>GGAE GG agriculture financing (in million US$)</td>
<td>58</td>
<td>57</td>
<td>41</td>
<td>58</td>
</tr>
<tr>
<td>overall Nutrition overall (from all sources, in million US$)</td>
<td>37.4</td>
<td>43.0</td>
<td>23.1</td>
<td>38.3</td>
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<tr>
<td>overall Nutrition financing (from DP, in million US$)</td>
<td>34.2</td>
<td>36.4</td>
<td>20.5</td>
<td>36.0</td>
</tr>
<tr>
<td>overall Nutrition financing (from general Government financing, in million US$)</td>
<td>3.2</td>
<td>6.6</td>
<td>2.6</td>
<td>2.4</td>
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<tr>
<td>Nut Mult. Nutrition financing in multisector (from all sources, in million US$)</td>
<td>3.3</td>
<td>4.9</td>
<td>5.0</td>
<td>4.2</td>
</tr>
<tr>
<td>Nut Mult. Nutrition financing in multisector (from DPs, in million US$)</td>
<td>3.2</td>
<td>4.8</td>
<td>5.0</td>
<td>4.2</td>
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<tr>
<td>Nut Mult. Nutrition financing in multisector (from GoL, in million US$)</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Nut Hea Nutrition financing in health (from all sources, in million US$)</td>
<td>15.6</td>
<td>13.0</td>
<td>5.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Nut Hea Nutrition financing in health (from DPs, in million US$)</td>
<td>13.0</td>
<td>11.2</td>
<td>4.4</td>
<td>10.8</td>
</tr>
<tr>
<td>Nut Hea Nutrition financing in health (from GoL, in million US$)</td>
<td>2.6</td>
<td>1.7</td>
<td>0.6</td>
<td>0.1</td>
</tr>
<tr>
<td>Nut Edu Nutrition financing in education (from all sources, in million US$)</td>
<td>10.0</td>
<td>9.5</td>
<td>4.2</td>
<td>5.3</td>
</tr>
<tr>
<td>Nut Edu Nutrition financing in education (from DPs in million US$)</td>
<td>9.6</td>
<td>9.1</td>
<td>4.1</td>
<td>4.4</td>
</tr>
<tr>
<td>Nut Edu Nutrition financing in education (from GoL, in million US$)</td>
<td>0.4</td>
<td>0.4</td>
<td>0.1</td>
<td>0.9</td>
</tr>
<tr>
<td>Nut Agr Nutrition financing in agriculture (from all sources in million US$)</td>
<td>8.5</td>
<td>15.7</td>
<td>8.9</td>
<td>17.8</td>
</tr>
<tr>
<td>Nut Agr Nutrition financing in agriculture (from DPs in million US$)</td>
<td>8.4</td>
<td>11.3</td>
<td>7.0</td>
<td>16.4</td>
</tr>
<tr>
<td>Nut Agr Nutrition financing in agriculture (from GoL, in million US$)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Share of Government spending in health, in %</td>
<td>7.4%</td>
<td>7.0%</td>
<td>5.9%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Share of Government spending in education, in %</td>
<td>17.5%</td>
<td>15.7%</td>
<td>12.6%</td>
<td>16.8%</td>
</tr>
<tr>
<td>Share of Government spending in agriculture in %</td>
<td>2.6%</td>
<td>2.3%</td>
<td>1.5%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Share of Government spending in nutrition, in % (from all sources of financing)</td>
<td>1.7%</td>
<td>1.7%</td>
<td>0.9%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Share of Government spending in nutrition, in % (from all DP financing)</td>
<td>1.5%</td>
<td>1.4%</td>
<td>0.8%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Share of Government spending in nutrition, in % (from GoL financing)</td>
<td>0.14%</td>
<td>0.26%</td>
<td>0.10%</td>
<td>0.09%</td>
</tr>
<tr>
<td>Share of nutrition financing in multi-sector, in % of nutrition overall (from all sources in US$)</td>
<td>8.7%</td>
<td>11.5%</td>
<td>21.8%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Share of nutrition education in % of GGEE (from all sources in US$)</td>
<td>2.6%</td>
<td>2.4%</td>
<td>1.2%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Share of nutrition health in % of GGEG (from all sources in US$)</td>
<td>9.3%</td>
<td>7.3%</td>
<td>3.1%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Share of nutrition agriculture % of GGAE (from all sources in US$)</td>
<td>14.63%</td>
<td>27.26%</td>
<td>21.67%</td>
<td>30.49%</td>
</tr>
</tbody>
</table>
## d. Budget planning process and entry points on influencing the budget

<table>
<thead>
<tr>
<th>DEADLINE DATES</th>
<th>STEPS</th>
<th>EFFECTIVE DATE (BASED ON MINISTRIES AND MOF FEEDBACK)</th>
<th>POLICY RECOMMENDATIONS AND ADVOCACY POINTS</th>
</tr>
</thead>
</table>
| **By March**   | Annual Socio-Economic Plan:  
Prime Minister issues an instruction for the drafting of the annual socio-economic development plan and the budget plan by sector. | PM Decree is often issued with some delay or sometimes not issued at all.  
Policy decisions can be made late, e.g. salary increases are not announced in the beginning of the fiscal year, making it difficult to work out the fiscal envelope. | Awareness at the MP level as well as at the MOF level on impact in nutrition. |
| **By May**     | Aggregate budget ceilings:  
MOF estimates aggregate budget ceilings for the following year, MOF indicates to MPI the overall capital investment budget ceiling and the breakdown between central government and the provinces. |  | A critical point is this step where there is a need to influence the budget ceilings and instructions to be nutrition-sensitive. |
| **By 30 June** | Annual MOF Budget circular:  
Minister of Finance issues an instruction, Budget circular on the formulation of the annual State Budget Plan and indicative aggregate budget ceilings from the five-year Medium-Term Budget Framework based on the medium-term budget framework for the sectors at the central and local levels. | MOF budget circular for FY2018 was issued in June 2017, and for FY2019 was issued in May 2018 |  |
|                | Revenue plans:  
Revenue-collecting departments at all levels formulate their own revenue plans, detailing each type of income: regular income, technical revenue and income from extra-budgetary fund, ODA. ODA information is submitted to the Ministry of Finance in two parts: for aid funds and loans through country system and to the Ministry of Planning and Investment for aid funds from direct assistance, off-budget. | No realistic ceilings are issued for the budgetary (spending) units leading to wish list budget proposals submitted by spending units to MOF.  
Spending units prepare their budget proposal based on current costs and incremental increase (10 to 15 per cent).  
Budget plans are mostly submitted at CoA two-digit level. | Influence the National Assembly Committee members on impact of nutrition in development of human capital. |
|                | Central ministries budget submission:  
Government entities at the central level formulate their budget proposals in consultation with the National Assembly’s Committees and concerned sectors and send the draft budget proposals to the MOF Budget Department |  |  |
|                | Provincial budgets submission:  
State organizations and concerned sectors at the local level formulate budget proposals and propose them to the provincial governors or capital city mayor for approval and submission to the Local Assemblies (Provincial People’s Assemblies). Approved draft budget proposals are sent to the MOF Budget Department for consolidation. | No ceilings are issued  
Budget proposals are consolidated after a bottom-up consultation process with sectors. | Influence the Provincial People’s Assembly members before and during budget preparation process on impact of nutrition in development of human capital. |

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19 The PIL (Article 24) indicates that the province share shall not be less than 50 per cent of the total state capital budget.
| NA First plenary session (April–July) | Aggregate budget plan (expenditure and revenue) is submitted to the National Assembly’s review and approval during the first plenary session (3–4 weeks). | The calendar for the NA first plenary session varies and can be conducted in April/May, giving MOF limited lead time to prepare the aggregate budget plan. | The aggregate budget plan covers CoA chapters (60)–(67) without ceilings or breakdown. |
| June–July | Ceilings to spending units and revision of the budget proposal: | Budget ceilings to the spending units are often not announced immediately after the approved aggregate budget plan and this delays the budget planning of the spending units. |
| | Spending units revise their budget plans based on the notified allocations and submit their revised budget plans to the GoL/MOF. | In practice the spending units have around two weeks from the confirmation of the budget ceilings to submit their final submissions. |
| Capital budget: | MPI then determines the allocations of the provincial capital budget ceilings for each of the 18 provinces, which are communicated to provinces as a preliminary indication and loosely based on the criteria indicated in the PIL (population, area, remoteness, and poverty levels), but also in view of different provincial investment plan targets and requirements. | There is no specific allocation formula although year-to-year capital allocations to individual provinces appear to be consistent in the last three years. PIL stipulates that within each province capital budget allocation, 35 per cent is earmarked for type V investments which can be approved at province level; the remaining 65 per cent is for larger investments which require approval by MPI and the NA. |
| July–September | Consolidated State Budget Plan: | Analytical skills and detailed understanding of the sectors are limited, resulting in uninformed budget adjustments or cuts. |
| | OoF Budget Department reviews and consolidates the budget proposals into the State Budget Plan and submits the draft State Budget Plan to the GoL for consideration. |
| By October | Public Investment Plans (PIP) submission: | |
| | MPI submits the proposed PIP allocations into the overall State Budget proposal to the NA. |
| November–December | State Budget approval: | The budget submission is aggregate and includes no details of the district, department budgets and no comparison with previous years or projections. |
| | The Government reviews and officially submits the draft State Budget Plan to the National Assembly for consideration and approval, 15–20 days prior to the second plenary session of the National Assembly (3–4 weeks). | |
| | The Minister of Finance notifies the localities the budget ceilings within 15 days of the National Assembly’s approval. | |
| | After NA approval, MPI communicates the approved investment budget ceiling to the provinces. | |
| | State and other concerned organizations at the local level in collaboration with concerned sectors make detailed allocations and propose them to the provincial governors or capital city mayor for further submission to the Local Assemblies’ for consideration and approval and then to the MOF for consolidation. | The Local Assemblies’ session is often conducted after the start of the new fiscal year, resulting in delays in consolidating detailed provincial budget plans (including district and functional department budgets). |
| December and onward | Finally, the Ministry of Finance consolidates and reports the State Budget Plan to the Government. | The consolidated budget plan with detailed allocation at sectoral level can only be produced and circulated several months after the start of the fiscal year (the FY18 Budget Plan was published in August 2018). |