

Evaluation of Official Development Assistance Projects Implemented in Laos by the World Bank, Asian Development Bank, Japan International Cooperation Agency, and Korea International Cooperation Agency using the Millennium Development Goals as Indices

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Abstract

The Millennium Development Goals (MDGs) of the United Nations have guided global development efforts for the past decade. After years of global effort to meet the MDGs, it is important to evaluate the extent to which such efforts have resulted in successful development projects. In this paper, we examine the implementation of development projects in Laos to evaluate their compliance with the MDGs. We surveyed projects implemented by multilateral [the Asian Development Bank (ADB) and the World Bank] and bilateral [the Japan International Cooperation Agency (JICA) and the Korea International Cooperation Agency (KOICA)] development agencies as representative of all such efforts. We examined whether the budgets of the projects and the number of projects implemented were evenly distributed across the MDGs. All projects studied were initiated since 2000. The results showed that both multilateral and bilateral agencies implemented projects targeting specific MDGs rather than focusing on all eight MDGs. The number and budgets of projects in Laos during the last ten years that have been implemented by both types of agencies reflect a primary focus on MDG 2 (to achieve universal primary education) and MDG 7 (to ensure environmental sustainability). These results suggest the need to implement projects in Laos that promote all of the MDGs.

Introduction

The Millennium Development Goals (MDGs) were established in September 2000 by the United Nations (UN). The leaders of 147 nations adopted the Millennium Declaration and the international development objectives to be achieved by 2015. The eight MDGs are: (1) To eradicate extreme poverty and hunger; (2) To achieve universal primary education; (3) To promote gender equality and empower women; (4) To reduce child mortality; (5) To improve material health; (6) To combat HIV/AIDS, malaria, and other diseases; (7) To ensure environmental sustainability; and (8) To develop a global partnership for development. All aid agencies in the world should follow the MDGs when planning and implementing development projects. According to a UN report

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(Jensen 2010), the overall improvements called for by the MDGs were reached a decade after the Millennium Declaration. The number of people living below the poverty level has decreased, maternal mortality rates have decreased, and efforts to improve the environment have progressed. Additionally, developing countries are adopting MDGs as their development strategies. However, the UN and the World Bank, the key implementers of the MDGs, have been reporting that progress toward meeting the MDGs varies according to region and nation (Ross-Larson 2011). For example, it has been reported that greater improvement is evident in East Asia than in Sub-Saharan countries. Within East Asia, China has demonstrated much greater improvement than other countries in the region (Leo and Barmeier 2010).

To determine the causes of uneven progress, we used Laos as an example of a less developed nation in Southeast Asia to assess the implementation of development projects through Official Development Assistance (ODA). Laos has improved in its adherence to the MDGs since the new millennium (Badiee 2010). We will try to understand this outcome in relation to the input provided by ODA. Analysis of ODA input in support of achieving MDGs has shown that ODA from agencies that assist in development constitutes a main resource for such development (McCarty and Julian 2009). Thus, we analyzed input from ODA in the service of implementing MDGs to determine the distribution of such resources.

The MDGs for Laos have been achieved to some extent. According to the 2010 World Development Indicators, Laos scored 6.0 out of a possible 8.0 points with respect to the achievement of MDGs (Badiee 2010). Given that the major portion of funds used by Laos for development purposes came from international aid, and given that Laos has shown improvement with respect to the MDGs over the past ten years, we assumed that ODA provided by both multilateral and bilateral development agencies had been evenly distributed over the entire range of MDGs. In this study, we will test this assumption and determine whether ODA has been used fairly in efforts to meet MDGs. This research will identify difficulties encountered in efforts that rely on ODA to implement programs promoting sustainable development in pursuit of MDGs.

Thus, we examined the distribution of ODA projects according to the MDG that each was intended to promote. To this end, we quantified projects undertaken by two types of development agencies in Laos.

Methods: Survey of the implementation of development projects in Laos

We attempted to examine whether the number of projects implemented and the budgets of development projects reflected a fair distribution across the eight MDGs. All projects studied have been initiated since 2000. We collected data about the number of development projects conducted in Laos since 2000 and about their budgets. We reviewed the project-completion reports produced by the multilateral development agencies, the Asian Development Bank (ADB), and the World Bank. We selected bilateral aid agencies based on their strong presence in Laos and collected data about projects conducted by the Japan International Cooperation Agency (JICA) from the agency's website and data about projects implemented by the Korean International Cooperation Agency (KOICA) from personnel at the agency's headquarters.

ODA projects in Laos

During the study period, the World Bank conducted 23 projects. The MDGs that correlate with these projects are listed in **table 1**. The projects were grouped by MDG for comparison, with the exception of four projects that did not fit into an MDG category (**tables 1 and 2**). The ADB implemented 17 projects, which have been grouped according to MDG (**table 2**). Five JICA projects and 12 KOICA projects implemented during the study period have also been classified according to MDG (**tables 3 and 4**). To analyze the MDGs addressed by development projects implemented in Laos, the number and financial allocation of all projects were classified according to MDG (**tables 5–8**). The budgets of JICA and KOICA projects have been converted into USD for comparison.

First, we found that the number of projects implemented and the allocation of project budgets tended to emphasize MDGs 2, 7, and 8 (**figure 1**). Additionally, projects that addressed MDG 1 (to eradicate extreme poverty and hunger) were also conducted with a relatively high frequency (**figure 2**). Both the total number of projects and the budgets allocated to projects were skewed toward MDG 2 and MDG 7. When the analysis of the number of programs was separated from that of the amount of money allocated to programs, the results for MDG 1 and MDG 8 differed from each other. Although many programs related to MDG 1 were implemented, their budgets were relatively small, indicating the existence of many small projects dedicated to the alleviation of poverty (MDG 1). On the other hand, few programs were focused on MDG 8, but those that were devoted to this goal were large in scale. Both MDG 2 and MDG 7 attracted many programs that were also well funded.

Second, we found that this trend applied to both multilateral and bilateral agencies. Multilateral agencies focused the largest proportion of funding on MDG 7 (**figure 3**). **Figure 4** shows that multilateral agencies also conducted the largest number of projects focused on MDG 7. MDG 2 also attracted a high proportion of the funding and projects emanating from multilateral agencies. In terms of bilateral agencies, a comparison of **figures 5 and 6** shows that bilateral agencies conducted only one project that addressed MDG 8 but that the budget of this project was large. This finding reflects JICA's bridge construction project over the Mekong River, which had a relatively large budget allocation. With the exception of this project, we again found a strong bias toward MDGs 2 and 7 in most projects implemented by bilateral agencies. Like multilateral agencies, bilateral agencies had the most programs and the largest budgetary allocations devoted to MDG 7, with MDG 2 also attracting many programs and substantial funding.

Thus, we found that MDGs 2 and 7 were targeted by many development projects in Laos that were initiated with ODA provided by the World Bank, ADB, JICA, and KOICA during the ten years since the Millennium Declaration. Thus, the distribution of resources was not even; instead, it was weighted toward several foci.

Discussion and Conclusion

Official development assistance and the Millennium Development Goals

The MDGs were established to achieve harmonious and sustainable development in less-developed countries. After ten years of global efforts, the pursuit of each goal has led to improvement; however, holistic efforts to achieve the MDGs are needed in Laos. ODA projects in Laos have not pursued all MDGs equally during the past decade. Both bilateral and multilateral agencies have focused on MDG 7 (to ensure environmental sustainability) in Laos; the number of projects and the financial allocations have been weighted strongly toward this goal in comparison with the other MDGs. Further studies are necessary to examine the reasons for this bias. Our results lead us to conclude that the MDG projects conducted by international agencies in Laos during the past decade have failed to achieve balanced developmental progress in all MDGs. These agencies tended to focus on specific MDGs, namely 'to achieve universal primary education' and 'to ensure environmental sustainability.'

In 2012, we may reach another turning point in global efforts to achieve sustainable development. Further development goals will be discussed based on global experiences to date. The present trend in world development aid is increasingly focused on the performance of recipients' countries and on measurable results (Bourguignon and Sundberg 2007); accordingly, the performance of aid projects needs to be monitored and evaluated in terms of the MDGs addressed and the balancing of developmental goals. The results of this study can be used to expand the evaluation of developmental aid projects. The trend identified among projects implemented in Laos can also serve as a resource for decision makers guiding ODA implementation.

Input and achievement of MDGs

The progress toward MDGs in Laos is a result of many factors such as resource input and project output and outcome. These, in turn, relate to the role of donors, the governance of the recipient countries, and the combined efforts of these two stakeholders. In this paper, we examined issues related to input and its distribution across the MDGs by ODA donors. During the ten years since the Millennium Declaration, both multilateral and bilateral development agencies have contributed the largest proportion of their resources in Laos to projects related to MDG 2 and MDG 7. General progress in Laos toward MDGs has been reported by the UN, but the skewed use of ODA resources raises questions about the possibility of developing a better approach to the achievement of these goals.

The importance of primary education (MDG 2) has led to its prioritization; some researchers have argued for the effectiveness of focusing aid on the educational sector (Chapman and Quijada 2009). Similarly, ensuring environmental sustainability (MDG 7) is a key step in development. The construction of infrastructure guarantees further community development as well as technological transition (Jowitt 2009). Despite these arguments for the importance of specific MDGs, development should be achieved harmoniously within a framework of development plans that address all domains covered by MDGs. This can be achieved in several ways. First, it may be possible to attain this goal through the moderation of the United Nations. However, because the goals and actions of multilateral development agencies are independent, it remains

difficult to moderate both multilateral and bilateral agencies. Second, enhancing the ability of recipient countries to implement projects in the absence of substantial influence from donors may represent another approach to this goal. Indeed, efforts to expand the capacities of recipient countries are essential. Third, the specific situation in Laos may call for the prioritization of primary education and sustainable environmental development. To address these issues, further research is necessary to identify the causes of the trend observed in this study. Understanding of the effect of input factors on the implementation of MDGs will facilitate the implementation of all MDGs, thereby contributing to sustainable development in Laos.

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Table 1. World Bank Projects implemented in Laos since 2000.

No.	Sector	Million USD	MDGs
1	Ecosystem and Wildlife Conservation Project	1.5	7
2	Lao PDR ² Upland Food Security Improvement Project	14.97	1
3	Lao PDR Rice Productivity Improvement Project	3	1
4	Lao FCPF ³ Implementation Support	3.5	7
5	LA(Lao)-Poverty Reduction Fund Project	15	2
6	LA-Additional Financing EDP ⁴ II	15.5	2
7	Second Education Development Project	13.5	2
8	Lao Nam Theun 2 Power Project	42	N/A
9	GMS ⁵ Power Trade (Laos) Project	18.8	N/A
10	Laos PDR FMAC ⁶	37	8
11	Nam Theun 2 Social and Environmental Project	20	7
12	Community Nutrition Project	2	1
13	Health Services Improvement Project	15	5
14	Community Nutrition Project EU Funding	2.12	1
15	LA-Sustainable Silk Production Partnership in Rural Laos	1.88	3
16	Lao PDR Trade Development Facility Project	8.25	N/A
17	Lao PDR Fourth Poverty Reduction Support Operation	10	2
18	St. Vincent HIV/AIDS Prevention and Control	7	5
19	Fifth Poverty Reduction Support Third Lao PDR Poverty Reduction Support Operation	20	2
20	Grant	10	2
21	Lao PDR Second Poverty Reduction Support Operation 2	8	2
22	Road Sector Project	43.18	N/A
23	Poverty Reduction Fund	21.71	3
Total		333.91	

² Lao People's Democratic Republic³ Forest Carbon Partnership Facility⁴ Education Development Project⁵ Greater Mekong Subregion⁶ Financial Management Adjustment Credit

Table 2. Asian Development Bank projects implemented in Laos since 2000.

No.	Sector	Million USD	MDGs
1	Airport Improvement Project	89.9	8
2	Champassak Road Improvement Project	51.93	8
3	Vientiane Integrated Urban Development Project	27.67	7
4	Industrial Tree Plantation Project	15.4	6
5	Postsecondary Education Rationalization Project	22	2
6	Community-managed Irrigation Sector Project	22.41	1
7	Secondary Towns Urban Development Project	33.5	7
8	Xieng Khouang Road Improvement Project	60.74	8
9	Environment and Social Program	21.9	5
10	Shifting Cultivation Stabilization Pilot Project	9.2	1
11	Vientiane Urban Infrastructure and Service Project	43.67	7
12	Water Supply and Sanitation Sector Project	23.43	5
13	Basic Education (Girls) Project	34.6	2
14	Rural Access Roads Project	27.48	8
15	Great Mekong Subregion: East–West Corridor Project	40.78	7
16	Great Mekong Subregion: Northern Economic Corridor Project	129.08	7
17	Small Towns Development Project	21.1	7
Total		674.79	

Table 3. Japan International Cooperation Agency projects implemented in Laos since 2000.

No.	Sector	Million Yen	MDGs
1	Strengthening Finance Aid	1,500	4
2	Third Poverty Reduction Support Operation	500	7
3	Second Poverty Reduction Support Operation	500	7
4	Greater Mekong Power Network Development Project	3,326	6
5	Second Mekong International Bridge	4,011	8
Total		9,837	

Table 4. Korea International Cooperation Agency projects implemented in Laos since 2000.

No.	Sector	Thousand USD	MDGs
1	Ministry of Foreign Affairs electronic network	1,200	1
2	Mekong riverside road construction	800	8
3	Vientiane community development	2,320	5
4	Secondary school textbook procurement	3,000	2
5	Bolicam community potable water development	750	5
6	Vocational training center	800	2
7	Vientiane rural development	2,320	5
8	Irrigation improvement	1,700	1
9	Irrigation dam construction	3,200	1
10	Vientiane secondary school establishment	2,500	2
11	Secondary school textbook procurement	3,000	2
12	Children's hospital	3,500	5
Total		25,090	

Table 5. Classification of World Bank projects according to Millennium Development Goals.

MDG	1	2	3	4	5	6	7	8	N/A	Total
Budget	22.09	92.00	23.59		22.00		21.50	45.25	112.23	338.7
(million USD)										
Percent	7%	27%	7%	0%	6%	0%	6%	13%	33%	100%
No. of projects	4	7	2		2		2	2	4	23
Percent	17%	30%	9%	0%	9%	0%	9%	9%	17%	100%

Table 6. Classification of Asian Development Bank projects according to Millennium Development Goals.

MDG	1	2	3	4	5	6	7	8	N/A	Total
Budget	49.89	56.60					398.44	169.86		674.79
(million USD)										
Percent	7%	8%	0%	0%	0%	0%	59%	25%	0%	100%
No. of projects	2	2					11	2		17.00
percent	12%	12%	0%	0%	0%	0%	65%	12%	0%	100%

Table 7. Classification of Japan International Cooperation Agency projects according to Millennium Development Goals.

MDG	1	2	3	4	5	6	7	8	N/A	Total
Budget	11.9						23.8	47.73		83.43
(million USD)										
Percent	14%	0%	0%	0%	0%	0%	29%	57%	0%	100%
No. of projects	2						2	1		5
Percent	40%	0%	0%	0%	0%	0%	40%	20%	0%	100%

Table 8. Classification of Korea International Cooperation Agency projects according to Millennium Development Goals.

MDG	1	2	3	4	5	6	7	8	N/A	Total
Budget	4	9.3		3.5			8.27			25.07
(million USD)										
Percent	16%	37%	0%	14%	0%	0%	33%	0%	0%	100%
No. of projects	2	4		1			5			12
Percent	17%	33%	0%	8%	0%	0%	42%	0%	0%	100%

Figure 1. Budget allocation of projects implemented by the four agencies according to Millennium Development Goals.

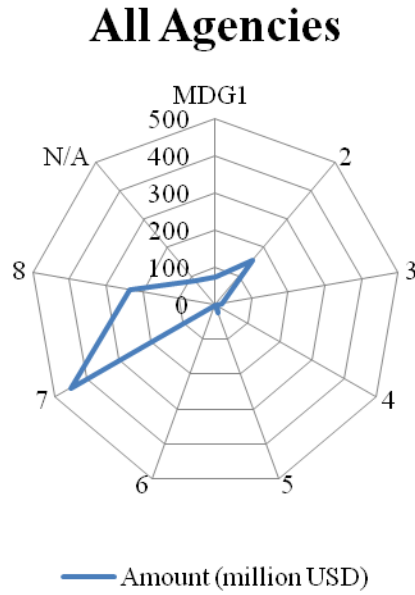


Figure 2. Distribution of projects implemented by the four agencies according to Millennium Development Goals.

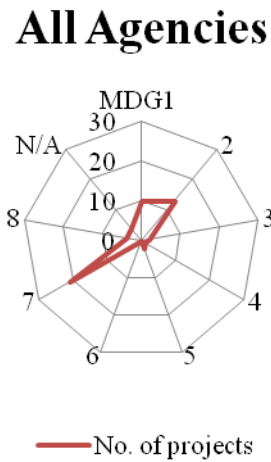


Figure 3. Budget allocation of projects implemented by multilateral agencies according to Millennium Development Goals.

Multilateral Agencies

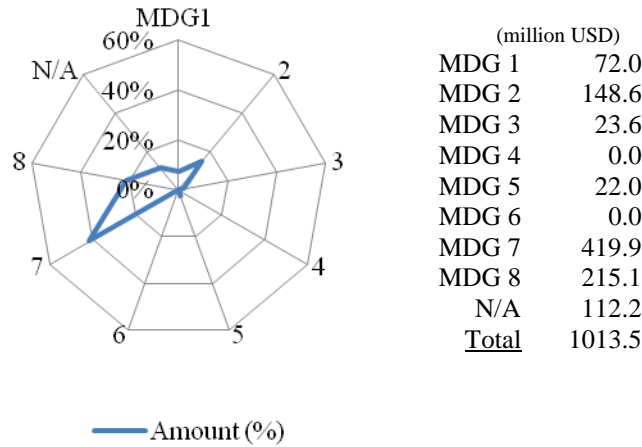


Figure 4. Distribution of projects implemented by multilateral agencies according to Millennium Development Goals.

Multilateral Agencies

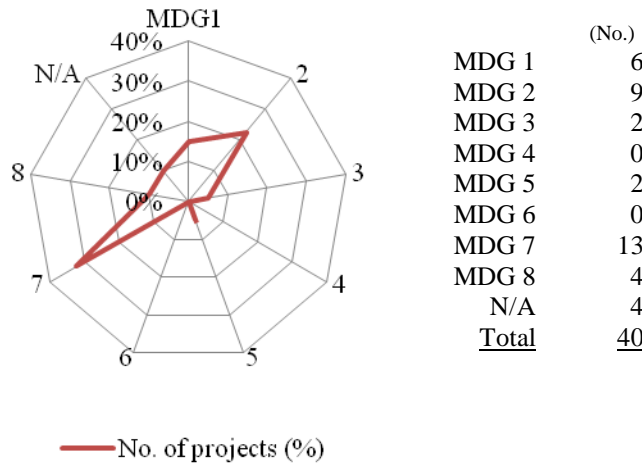


Figure 5. Budget allocation of projects implemented by bilateral agencies according to Millennium Development Goals.

Bilateral Agencies

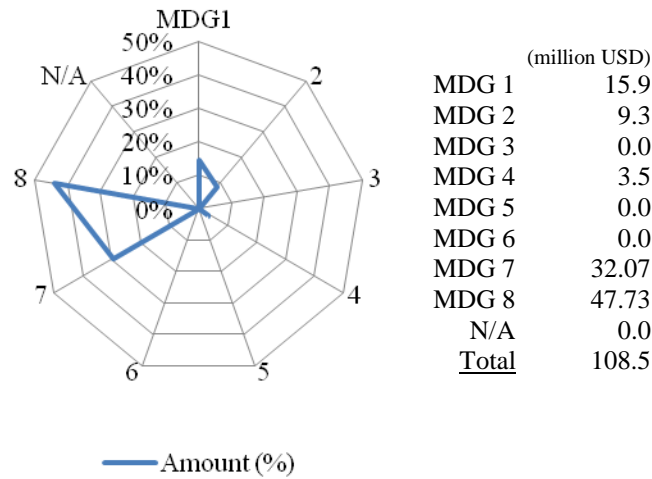


Figure 6. Distribution of projects implemented by bilateral agencies according to Millennium Development Goals.

Bilateral Agencies

