

The BOL, in charge of monetary policy and supervision of commercial banks, is also an important stakeholder, given MOF's plans for a Treasury Single Account at the BOL and for connecting its financial management system to the interbank payment system of the BOL.

The NA's Planning, Finance and Audit Committee (PFAC) is in charge of financial oversight and the review of the state budget plan. The newly established Provincial People's Assemblies (PPAs) will have an oversight role in the provincial budgeting and planning and are expected to play an important role in defining and in overseeing provincial and district budgets. NA and PPAs can potentially play an important role in ensuring that the Government allocates resources in line with national objectives, in particular to social sectors, although their capacities require external support.

Activities will be closely coordinated with the main development partners active in PFM, including the International Monetary Fund (IMF), Asian Development Bank (ADB), Japan International Cooperation Agency (JICA) and others. The civil society organizations (CSO) as representatives of the rights holders will also be engaged.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to support the Government of Lao PDR to improve the management of its public finances and human resources, as a key pillar for pursuing sustainable and inclusive growth.

The Specific Objectives (outcomes) of this action are to:	The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:
1. SO1: Enhanced budget credibility and transparency (Addresses Strategy 3 of the Public Finance Development Strategy on "Expenditure policy and rational spending for effective development")	Output 1.1: Strengthened capacities for budget planning and preparation, including gender budgeting Output 1.2: Strengthened public expenditure management in sectors Output 1.3: Strengthened capacity of National Assembly (NA) and State Audit Organization (SAO) Output 1.4: Strengthened capacities for cash expenditure and debt management Output 1.5: Improved understanding of SOE reform needs and strengthened capacity to comply with IFRS
2. SO2: Improved domestic revenue mobilization (Addresses PFDS Strategy 2 on "Revenue policy and resource mobilization to maximise revenue collection")	Output 2.1: Established solid formulation for reforms in different areas, such as transfer pricing and taxation of the digital economy Output 2.2: Improved risk management in Tax Department
3. SO3: Strengthened public procurement (Addresses PFDS Strategy 4 on "Efficient and prudent public debt management" on specific priority for all public investments to follow strictly the public procurement procedures and Strategy 3 on "Expenditure policy and rational spending for effective development").	Output 3.1: Availability of tools, training and analysis to implement the Public Procurement Law Output 3.2: E-procurement
4. SO4: Modernizing human resources management (Addresses PFDS Strategy 3 on "Expenditure policy and rational spending for effective development").	Output 4.1: Roll out PIMS and design new HRMIS Output 4.2 Civil Service Strategy implementation Output 4.3 Implementation of the Code of Ethics