

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET



Lao People's Democratic Republic: 2016 Approved Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
47.45	–	3.57	69.31	120.33

Note: Grants and technical assistance include ADB-administered cofinancing.

Lao People's Democratic Republic: Cumulative Lending, Grant, and Technical Assistance Approvals^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	93	438.85	17.41
Education	37	263.34	10.45
Energy	48	507.12	20.12
Finance	35	95.30	3.78
Health	28	130.52	5.18
Industry and Trade	19	100.33	3.98
Public Sector Management	56	88.52	3.51
Transport	52	521.59	20.70
Water and Other Urban Infrastructure and Services	42	349.80	13.88
Multisector	7	24.88	0.99
Total	417	2,520.23	100.00

^a Grants and technical assistance include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of approvals.

^d Numbers may not sum precisely because of rounding.

Lao People's Democratic Republic: Cumulative Nonsovereign Financing by Product

No. of Transactions	Amount (\$ million)
Loans	194.00
Equity Investments	–
Guarantees	50.00
B Loans	77.00
Total	321.00

– = nil.

ADB assistance to the Lao People's Democratic Republic focuses on four core sectors: agriculture, natural resources, and rural development; education; energy; and water and other municipal infrastructure.

LAO PEOPLE'S DEMOCRATIC REPUBLIC

The economy of the Lao People's Democratic Republic (Lao PDR) continues to grow vigorously. The country is rich in resources and has dynamic mining and hydropower industries, but economic diversification is needed.

The Government of the Lao PDR must strive for strong macroeconomic management, including foreign debt control, a sound fiscal framework, and effective budget management. While the government has consolidated expenditures to contain the national deficit, it needs to increase fiscal and foreign reserves to absorb any future shocks.

The Asian Development Bank (ADB) has been supporting the Government of the Lao PDR since 1968, and remains one of the country's largest multilateral financiers. As of 31 December 2016, ADB had provided \$2.52 billion in loans, grants and technical assistance to the Lao PDR.

Cumulative disbursements to the Lao PDR for lending and grants financed by ordinary capital resources, the Asian Development Fund, and other special funds amount to \$1.75 billion.

ADB-SUPPORTED PROJECTS AND PROGRAMS

Since starting operations in the Lao PDR, ADB has responded to the country's changing development priorities—from an early emphasis on agriculture in the 1980s; to roads and transport in the 1990s; to education, energy, and regional integration in the 2000s. The Lao PDR is now an active member of the Greater Mekong Subregion (GMS) Economic



Cooperation Program, the Association of Southeast Asian Nations, and the World Trade Organization.

ADB assistance to the Lao PDR is consistent with the rapidly evolving development needs of a lower middle-income country. Under its national socioeconomic development plans, the government has adopted a policy to transform the Lao PDR from a landlocked to a landlinked country, and is aiming to be eligible to graduate from least-developed country status by 2020.

In 2016, disbursements to the Lao PDR for lending and grants financed by ordinary capital resources, the Asian Development Fund, and other special funds totaled more than \$46 million.

ADB also approved four new loans for the country in 2016, as well as additional financing for two ongoing projects. It committed \$27 million to rehabilitate and maintain 327 kilometers of national and local roads in the provinces of Salavan, Xekong, and Attapu, while also strengthening governance and capacity for road asset management.

ADB approved grant and loan assistance of \$39.9 million to improve the quality of education, expand access to higher education programs, and strengthen the governance and management of higher education institutions in the Lao

PDR, aligning with employer demand for higher skills.

ADB also approved a \$25 million grant for a project that will help realign the country's technical and vocational education and training programs with labor market needs. The project will upgrade teaching and learning environments in eight vocational colleges, and strengthen teacher competencies to deliver high-value skills training.

To complement the two education projects, ADB provides a technical assistance to strengthen the capacity of the Ministry of Labor and Social Welfare to develop the employment service system helping the graduates access to employment opportunities in the formal sector.

A regional health initiative, which includes an \$8 million grant and a \$4 million loan for the Lao PDR, will improve health outcomes in households and communities across 12 provinces of the country. The project is focused on improving responses to emerging diseases and other major public health threats.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector transactions in the form of direct loans, equity investments, guarantees, B loans, and trade finance.

Since its inception, ADB has approved \$321 million for two private sector transactions in the Lao PDR's energy sector. Total outstanding balances and commitments of ADB's private sector transactions in the country as of 31 December 2016 was \$181.5 million, representing 1.9% of ADB's total nonsovereign portfolio.

COFINANCING

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations to participate in financing ADB projects. Additional funds are provided in the form of official loans and grants, technical assistance, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's Trade Finance Program.

From 1970 to the end of 2016, cumulative direct value-added (DVA) official cofinancing for the Lao PDR amounted to \$370.8 million for 33 investment projects and \$45.2 million for 54 technical assistance projects. Cumulative DVA commercial cofinancing for the Lao PDR amounted to \$499.4 million for one investment project.

Lao People's Democratic Republic: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2007	100.0	1
2008	100.0	1
2009	50.0	4
2011	60.0	5
2012	100.0	3
2014	100.0	3
2015	100.0	2
2016	100.0	4
Total	82.6	23

Note: "Year" refers to the circulation year of the project completion report (PCR). The success rates reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2016.

Lao People's Democratic Republic: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2015–2016

	No. of Ongoing Loans (as of 31 Dec 2016)	
	2015 (\$ million)	2016 (\$ million)
Contract Awards/Commitments ^{a,b}	22.34	42.34
Disbursements ^a	24.39	17.15
	No. of Ongoing Grants (as of 31 Dec 2016)	
	2015 (\$ million)	2016 (\$ million)
Contract Awards/Commitments ^{a,b}	27.73	21.28
Disbursements ^{a,c}	40.70	34.62
Actual Problem Projects (%) (as of 31 Dec 2016)	5	

^a Includes closed loans/grants that had contract awards or disbursements during the year.

^b Excludes policy-based lending/grants.

^c Includes only Asian Development Fund and other ADB special funds.

Lao People's Democratic Republic: Projects Cofinanced, 1 January 2012–31 December 2016

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	11	674.08
Grants	7	49.42
Official loans	6	125.26
Commercial cofinancing	1	499.40
Technical Assistance Grants	5	6.18

^a A project with more than one source of cofinancing is counted once.

Lao People's Democratic Republic: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2015		2016		Cumulative (as of 31 Dec 2016)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
	Goods, Works, and Related Services	37.37	0.34	46.79	0.41	844.72
Consulting Services	11.59	1.77	4.40	0.72	67.69	0.60
Total Procurement	48.96	0.42	51.18	0.43	912.41	0.54

Top 5 Contractors/Suppliers from the Lao People's Democratic Republic Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2012–31 December 2016

Contractor/Supplier	Sector	Contract Amount (\$ million)
Soukpaseuth Survey Design and Construction Road Bridge and Irrigation Co., Ltd. & Phonsubthavy Road and Bridge Construction Co., Ltd. (JV)	ANR	10.49
Phouthpaseuth Construction Co., Ltd.	WUS	8.04
Phongsobthavy Road and Bridge Construction and Irrigation Co., Ltd.	ANR	6.23
Luangpaseuth Construction Sole Co., Ltd.	EDU	5.20
Kasetchaleun Sole Co., Ltd.	ANR	2.38
Others		218.29
Total		250.63

ANR = agriculture, natural resources, and rural development; EDU = education; WUS = water and other urban infrastructure and services.

Top 5 Consultants from the Lao People's Democratic Republic Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2012–31 December 2016

Consultant	Sector	Contract Amount (\$ million)
Lao Consulting Group Ltd.	ANR, WUS	10.98
Lao Transport Engineering Consult	TRA	5.36
Lao-Asie Consultants Group Co., Ltd.	ANR, EDU, MUL, TRA	3.33
Accounting and Auditing Services Co., Ltd.	ANR, HLT	0.76
Home Consulting Engineers Sole Co., Ltd.	ANR	0.74
Individual Consultants		6.81
Others		6.10
Total		34.09

ANR = agriculture, natural resources, and rural development; EDU = education; HLT = health; MUL = multisector; TRA = transport; WUS = water and other urban infrastructure and services.

In 2016, the Lao PDR received \$12.8 million grant cofinancing from the Strategic Climate Fund for the [Greater Mekong Subregion Biodiversity Conservation Corridors](#), loan cofinancing of \$53.1 million from the Government of the Republic of Korea for the [Pakse Urban Environmental Improvement](#), and loan cofinancing of \$9 million from the OPEC Fund for International Development for the [Second Northern Greater Mekong Subregion Transport Network Improvement](#).

A summary of projects with cofinancing from 1 January 2012 to 31 December 2016 is available at www.adb.org/countries/lao-pdr/cofinancing

PARTNERSHIPS

ADB established its Lao PDR Resident Mission in 2001. The resident mission actively coordinates with key development partners for cofinancing and collaboration, while playing a significant role in the national roundtable meeting process. ADB jointly chairs the macroeconomic working group and the infrastructure sector working group. In November 2016, the resident mission significantly contributed to the success of the Round Table Implementation Meeting in Vientiane Province. This included the endorsement of the Vientiane Declaration on Partnership for Effective Development Cooperation.

ADB collaborates with civil society organizations in the Lao PDR to strengthen the effectiveness, quality, inclusiveness, and sustainability of the

assistance it provides. In 2016, ADB organized a consultation meeting with civil society organizations to help prepare the new country partnership strategy (CPS), 2017–2021 for the Lao PDR.

PROCUREMENT

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries; and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts are awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Share of ADB's Procurement Contracts

Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled \$11.09 billion in 2015 and \$11.42 billion in 2016. Cumulative procurement since 1966 was \$158.68 billion covering 206,915 contracts.

In the Lao PDR, 4,137 contracts worth \$844.72 million were awarded to contractors and suppliers within the same period.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$655.31 million in 2015 and

\$612.46 million in 2016. Cumulative procurement since 1966 was \$11.26 billion covering 52,232 contracts.

In the Lao PDR, 665 contracts worth \$67.69 million were awarded to consultants within the same period.

OPERATIONAL CHALLENGES

Development challenges in the Lao PDR include (i) a highly concentrated production and export structure, (ii) limited human capital and quality of education, (iii) infrastructure gaps, (iv) inefficient governance and public sector management, and (v) environmental degradation.

Recent ADB-financed projects include development programs for higher education, technical and vocational education and training, health, sustainable urban transport, and road governance. Regional projects include biodiversity and health improvement, corridor town development, and road improvement in the country's northern region.

Project start-up delays are being addressed by rigorously applying filters to improve project readiness. These filters include the preparation of detailed engineering designs and ADB support for advanced actions on consultant recruitment and procurement. To address shortages of experienced financial management and procurement staff, ADB and the government conduct training on procurement, disbursement, and financial management for implementing and executing agencies.

FUTURE DIRECTIONS

The overarching objective of the current CPS for the Lao PDR is inclusive and sustainable economic growth with associated poverty reduction. Inclusive growth focuses on rural areas, where the majority of the country's poor resides. Growth is pursued by developing road and energy infrastructure, enhancing value chains, improving access to markets and social services, and

forging stronger rural–urban linkages. Sustainable growth in rural areas is supported through improved natural resources management.

The current CPS aims to promote the central themes of private sector development, sound governance, gender equity, and regional cooperation and integration. It is designed to focus on four core sectors: (i) agriculture, natural resources, and

rural development; (ii) education; (iii) energy; and (iv) water and other municipal infrastructure. In response to government requests, ADB has provided loans to other sectors including health, transport, and industry and trade.

The new CPS, 2017–2021 will continue ADB's development progress in the Lao PDR.

ABOUT THE LAO PEOPLE'S DEMOCRATIC REPUBLIC AND ADB

ADB Membership

Joined 1966

Shareholding and Voting Power

Number of shares held:	1,476 (0.014% of total shares)
Votes:	41,083 (0.310% of total membership, 0.475% of total regional membership)
Overall capital subscription:	\$19.84 million
Paid-in capital subscription:	\$1.24 million

Kshatrapati Shivaji is the Director and **Mahbub Ahmed** is the Alternate Director representing the Lao People's Democratic Republic (Lao PDR) on the ADB Board of Directors.

Yasushi Negishi is the ADB Country Director for the Lao PDR. The Lao PDR Resident Mission was opened in July 2001 and provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The resident mission engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in the Lao PDR.

The Lao PDR government agencies handling ADB affairs are the Department of International Cooperation of the Ministry of Planning and Investment, and External Finance Department of the Ministry of Finance.

ABOUT THE ASIAN DEVELOPMENT BANK

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance. In 2016, lending volume was \$16.35 billion (126 projects), with technical assistance at \$169.03 million (225 projects) and grant-financed projects at \$526.75 million (31 projects). In addition, \$14.06 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2012 to 31 December 2016, ADB's annual lending volume averaged \$13.74 billion. In addition, investment grants and technical assistance funded by ADB and special funds resources averaged \$562.24 million and \$154.91 million in technical assistance over the same period. As of 31 December 2016, the cumulative totals excluding cofinancing were \$247.28 billion in loans for 2,935 projects in 44 countries, \$7.75 billion in 296 grants, and \$4.06 billion in technical assistance grants, including regional technical assistance grants.

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Useful ADB websites

Asian Development Bank
www.adb.org

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports

Depository Libraries
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