



Asian Development Bank & Lao People's Democratic Republic

FACT SHEET

Table 1. Lao People's Democratic Republic: Development Indicators

Non-MDG	
Population in millions	6.13 (2009)
Annual population growth rate (%)	2.1 (2007–2009)
Adult literacy rate (%)	72.7 (2005)
Percent of population in urban areas	30.9 (2008)
MDG	
Percent of population living on less than \$1.25 a day	44.0 (2002)
Percent of population living below the national poverty line	32.7 (2003)
Under-5 mortality rate per 1,000 live births	61 (2008)
Percent of population using an improved drinking water source	60 (2006)

MDG = Millennium Development Goal.

Sources: ADB. 2010. *Basic Statistics 2010*. Manila.
UNESCO. 2010. Institute for Statistics Data Centre.
World Bank. 2010. World Development Indicators Online.

The Sixth Five-Year National Socio-Economic Development Plan, 2006–2010 (NSED6) of the Government of the Lao People's Democratic Republic (Lao PDR) provides a coherent development framework for prioritizing the agriculture and natural resources, education, health (including water supply), and infrastructure sectors and accelerating reforms in key thematic areas (capacity development and governance, private sector development, environment and gender mainstreaming, and regional integration). NSED6 implementation is reaching the final year with significant progress made toward meeting the planned targets—average gross domestic product (GDP) annual growth is 7.3%, GDP per capita reached \$890 (2009), and poverty incidence declined to 27.1% in 2008 from 33.2% in 2003; there is a steady progress toward meeting the income-related Millennium Development Goals. The midterm review of the NSED6 affirmed that sustainable economic growth, accelerated social development, and poverty reduction remain the strategic objectives of the government's socioeconomic development strategy. The government is preparing its Seventh Five-Year NSED6 (NSED7), which will build on the progress made and address the key challenges to direct the country toward modernization and industrialization.

Relationship with ADB

The Lao PDR joined the Asian Development Bank (ADB) at its founding in 1966 and, as of the end of December 2009, has received approved loans and grants totaling \$1.45 billion, with technical assistance projects amounting to \$122.6 million. ADB has extended development assistance to the Lao PDR since 1968 and continues to remain the largest multilateral financier to the country.

In the 1970s and 1980s, assistance was focused mainly on projects involving infrastructure development in the transport and energy sectors, as well as the agriculture sector. ADB has been active in the development of the finance sector since the latter part of the 1980s, and broadened its assistance in the 1990s and 2000s to include rural development, social development, and the environment.

ADB's current Country Strategy and Program (CSP) 2007–2011 is aligned with the government's development strategy, and seeks to promote pro-poor sustainable growth, social inclusiveness, and improved governance. A midterm review of the CSP, completed in August 2009, confirmed that the CSP strategic thrusts remain valid and in line with the government's priorities. ADB is preparing its next country partnership strategy for the Lao PDR to cover the period 2012–2016. It will be designed to support NSED7 implementation.

As a land-link among Greater Mekong Subregion (GMS) countries, the Lao PDR is a key participant in the subregion development program, and ADB aims to maximize benefits from this cooperation. In tandem with the GMS Strategy, ADB's CSP aims to foster connectivity, promote large-scale foreign direct investment, and create regional public goods.

Impact of Assistance

In the transport sector, ADB has played important roles for long-term economic development and road network improvement over the last few decades. Presently, more than 2,400 kilometers of road networks have been improved under ADB financing support, including 25 road projects completed and six projects ongoing. In addition to national road network improvement, support for the East–West and North–South Corridor projects under the GMS program has improved subregional road connections and fostered commercial development in border areas. The ADB-financed road projects have substantially improved access to essential services and markets year-round.

In education, the assistance focused on expanding access to education, improving quality of teaching and learning, and strengthening the capacity of education officials at all levels. With the focus on the three areas, ADB has contributed to a significant increase in the enrollment ratio in remote areas. The enrollment ratio for primary education significantly increased from 66% in 2005 to 91.6% in 2009, with the dropout rate falling from 9.4% to 7.5% in the same period. Given the need for qualified skilled labor to meet rapid economic expansion and demand from investment projects, ADB has expanded its assistance to lower secondary and tertiary education. ADB is also assisting the Lao PDR modernize its education system to regional and international standards.

The Lao PDR remains primarily agrarian and natural resource-based in nature. The centrality of agriculture to macroeconomic performance and poverty reduction can be understood both in terms of the sectoral composition of GDP, of which agriculture still comprises about 33% (2008), and contributes to more than 70% of employment. ADB has been one of the largest partners in the Lao PDR agriculture and natural resources sector. It has been an integral contributor to the country's

Table 2. Lao People's Democratic Republic: Economic Indicators, 2005–2009

Economic Indicator	2005	2006	2007	2008	2009
Per capita GNI, Atlas method (\$)	450	520	610	740	...
GDP growth (% change per year)	6.8	8.7	7.8	7.2	6.5
CPI (% change per year)	7.2	6.8	4.5	7.6	0.0
Unemployment rate (%)
Fiscal balance (% of GDP)	-6.9	-5.6	-5.5	-5.0	-5.9
Export growth (% change per year)	30.3	62.6	16.6	24.1	-10.0
Import growth (% change per year)	20.3	25.1	35.7	30.6	-13.0
Current account balance (% of GDP)	-17.4	-12.8	-17.2	-15.4	-11.8
External debt (% of GNI)	84.4	73.1	69.0	51.6	...

... = data not available, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2010. *Asian Development Outlook 2010*. Manila. ADB staff estimates. World Bank. 2010. World Development Indicators Online.

Table 3. Lao People's Democratic Republic: 2009 Loan, TA, and Grant Approvals (\$ million)

Loans		TA	Grants	Total
Sovereign	Nonsovereign			
0.12	–	4.53	126.60	131.24

– = nil.

Cumulative Lending (as of 31 Dec 2009) : \$1,211.3 million
Cumulative Disbursements (as of 31 Dec 2009) : \$1,171.3 million

achievement of rice self-sufficiency and played an important role in supporting the government's objective of transforming agriculture from a subsistence orientation into a diversified sector. ADB assistance to the sector in the near future will continue to address key bottlenecks to agriculture commercialization and mainstreaming sector governance to boost capacities for sector policy and strategy and policy formulation in support of agriculture commercialization.

The performance-based allocation (PBA) of the Asian Development Fund (ADF), based on the country performance assessment finalized in 2008, provided ADF allocation to Lao PDR in the amount of \$115.27 million for the biennial period 2009–2010. The biennial allocation for Lao PDR has increased significantly, compared to \$47.3 million for 2007–2008. As of December 2009, ADB has approved 100% grant financing for the Lao PDR.

Future Directions

ADB's CSP for the 2007–2011 period is anchored in the country's Sixth National Socio-Economic Development Plan. The CSP's strategic focus is shaped by the country's specific requirements and capabilities after

Table 4. Lao People's Democratic Republic: Cumulative ADB Lending as of 31 December 2009

Sector	Loans (no.)	Amount (\$ million)	% ^a
Agriculture and Natural Resources	15	173.12	14.29
Education	5	82.20	6.79
Energy	16	323.32	26.69
Finance	6	79.00	6.52
Health and Social Protection	2	25.00	2.06
Industry and Trade	1	10.90	0.90
Public Sector Management	–	–	–
Transport and ICT	13	351.70	29.03
Water Supply and Other Municipal Infrastructure and Services	9	146.10	12.06
Multisector	1	20.00	1.65
Total	68	1,211.34	100.00

– = nil, ICT = information and communication technology.

^a Total may not add up because of rounding.

Table 5. Lao People's Democratic Republic: Project Success Rates

By Sector	Percentage ^a	No. of Rated Projects/ Programs
Agriculture and Natural Resources	16.7	6
Education	100.0	3
Energy	88.9	9
Finance	0.0	2
Health and Social Protection	100.0	1
Multisector	100.0	2
Transport and ICT	90.9	11
Water and Other Municipal Infrastructure and Services	50.0	8
Total	69.0	42
By Year of Approval		
1970s	33.3	3
1980s	70.0	10
1990s	73.1	26
2000s	66.7	3

ICT = information and communication technology.

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where PCR and PCRVR/PPER ratings are available.

Sources: PCRs, PCRVRs, and PPERs containing a rating circulated as of 31 December 2009.

extensive stakeholder consultations. The current CSP for the Lao PDR can be found at www.adb.org/Documents/CSPs. ADB is preparing a new CPS.

Operational Challenges

Major development challenges facing the country include meeting the non-income Millennium Development Goals as scheduled; containing persistent fiscal deficits through accelerating ongoing reforms; achieving debt sustainability; enhancing governance and institutional capacity; creating a conducive environment for the private sector; and boosting the competitiveness of the Lao PDR's niche products.

Partnership

ADB is the largest development partner in the Lao PDR, followed by Japan, World Bank, Republic of Korea, and Australia. Neighboring countries, such as the People's Republic of China, Thailand, and Viet Nam, have recently increased their assistance to the Lao PDR. ADB is considered a reliable working partner by many other development partners. ADB's Lao PDR Resident Mission actively coordinates with key development partners for cofinancing and collaboration and plays significant roles in the Roundtable Meeting process (co-chairs the Macro/Private Sector and Infrastructure Sector working groups). The resident mission also actively engages nongovernment organizations on natural resources management and safeguard issues related to hydro development.

ADB also cooperates extensively with civil society organizations to strengthen the effectiveness, quality, and sustainability of the services it provides. For example, through a grant provided by ADB's

Poverty Reduction Fund, First Voice International, an international nongovernment organization, is delivering HIV/AIDS information through a combination of new technologies, such as digital satellite broadcasting and solar energy, along with more traditional outlets, such as national and community radio.

Cofinancing and Procurement

Cofinancing operations enable ADB's financing partners—government or their agencies, multilateral financing institutions, and commercial organizations—to participate in financing ADB projects. The additional funds are provided in the form of grants, official loans, or credit enhancement products.

As of year-end 2009, cumulative direct value-added cofinancing for the Lao PDR amounted to \$133.7 million for 12 investment projects and \$28.0 million for 41 TA projects.

In 2009, the Lao PDR received a total of \$20.8 million in grant cofinancing comprising \$15.0 million from the International Fund for Agricultural Development for the Sustainable Natural Resource Management and Productivity Enhancement Project and \$5.8 million from Australia and the Gender and Development Cooperation Fund for the Small Towns Water Supply and Sanitation Sector Project.

A summary of projects with cofinancing from 1 January 2005 to 31 December 2009 is available at www.adb.org/Documents/Fact_Sheets/LaoPDR/cofinancing.asp.

From 1 January 1968 to 31 December 2009, contractors and suppliers were involved in 186,281 contracts for ADB loan projects worth \$96.29 billion. During the same period, contractors and suppliers from the Lao PDR were involved in 2,248 contracts for ADB loan projects worth \$388.37 million.

Table 6. Lao People's Democratic Republic: Portfolio Performance Quality Indicators for Sovereign Lending, 2008–2009

	Number of Ongoing Loans (as of 31 Dec 2009)	
	2008 (\$ million)	2009 (\$ million)
Contract Awards/Commitments (\$ million)	30.9	24.1
Disbursements (\$ million)	49.1	37.0
Loans at Risk (%)	11.8	6.7

Table 7. Lao People's Democratic Republic: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2005–31 December 2009

Contractor/Supplier	Sector	Contract Amount (\$ million)
Nam Theun 2 Power Company, Ltd. (NTPC)	Energy	15.50
LSPD Joint Venture	Transport and ICT	8.00
Chichareune Construction Company, Ltd.	Transport and ICT	4.89
Road No. 8 Construction Enterprise	Multisector	2.80
Savannakhet Irrigation Construction State	Multisector	2.71
DM Construction Company, Ltd.	Industry and Trade	2.68
Mueang Vang and Rd No. 13S Construction Enterprise JV	Transport and ICT	2.16
DLPCP Group Luang Prabang Concrete	Energy	2.09
Namtha Road and Bridge Construction Company	Multisector	2.01
Sengthong Construction Company, Ltd.	Multisector	1.60

ICT = information and communication technology.

Table 8. Lao People's Democratic Republic: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Loan Projects, 1 January 2005–31 December 2009

Consultant	Number of Times Contracted	Contract Amount (\$ million)
STS Consultants of Lao PDR	1	0.46
IUCN Lao PDR	1	0.30
Bomasis Consulting Co., Ltd.	1	0.19
LWR Engineering Co., Ltd.	1	0.18
Chanthalam Private Enterprise for Survey	1	0.11
Lao Transport Engineering Consult	1	0.09
Microfinance Training Center	1	0.08
HTET Kyu	1	0.07
Jochem (JOOST) Foppes	1	0.06
Nhoungthong Sihanath	1	0.04
Individual Consultants	14	0.39

Table 9. Lao People's Democratic Republic: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Technical Assistance Projects, 1 January 2005–31 December 2009

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Adventist Development and Relief Agency	2	1.29
Deutsche Welthungerhilfe-German Agro Action	2	0.68
National Economic Research Institute	2	0.14
Friend of the Upland Farmer Co. Ltd.	1	0.12
Individual Consultants	64	0.95

From 1 January 1968 to 31 December 2009, consultants were involved in 10,945 contracts for ADB loan projects worth \$4.38 billion. During the same period, consultants from the Lao PDR were involved in 113 contracts for ADB loan projects worth \$10.33 million.

From 1 January 1968 to 31 December 2009, consultants were involved in 20,087 contracts for ADB TA projects worth \$2.52 billion.

During the same period, consultants from the Lao PDR were involved in 155 contracts for ADB TA projects worth \$6.42 million.

A summary of procurement contracts awarded to companies and consultants from the Lao PDR for goods and works, and consulting services can be found at www.adb.org/Documents/Fact_Sheets/LaoPDR/procurement.asp.

About the Lao People's Democratic Republic and ADB

ADB Membership

Joined	1966
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Shareholding and Voting Power

The Lao People's Democratic Republic (Lao PDR) is the 33rd largest shareholder among regional members and the 41st largest overall.

Figures are as of 31 December 2008, before the fifth general capital increase process began. The process is ongoing, and the final figures are expected to be available by 31 December 2010. Current subscription levels are available from the Office of the Secretary.

Shares held	492 (0.01%)
Votes	13,724 (0.31%)

Ashok K. Lahiri is the Executive Director and **Md. Aminul Islam Bhuiyan** is the Alternate Executive Director representing the Lao PDR on the ADB Board of Directors.

Gil-Hong Kim is the ADB Country Director for the Lao PDR. The Lao PDR Resident Mission (LRM) was opened in 2001 and provides the primary operational link between ADB and the government, private-sector, and civil-society stakeholders in its activities. LRM engages in policy dialogue and acts 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 the External Financial Relations 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 (TA). In 2009, lending volume was \$13.23 billion (93 projects), with TA at \$267.2 million (313 projects) and grant-financed projects at \$1.11 billion (64 projects). In addition, \$3.16 billion in direct value-added loan cofinancing was generated. Over the last 5 years (2005–2009), ADB's annual lending volume averaged \$9.18 billion, with TA averaging \$245.7 million and grant-financed projects \$855.4 million. As of 31 December 2009, the cumulative totals were \$155.94 billion in loans for 2,206 projects in 41 countries, \$5.19 billion for 315 grant projects, and \$3.81 billion for 6,863 TA projects.

Contacts

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Useful ADB websites

Asian Development Bank
www.adb.org

Country website
www.adb.org/laopdr

Asian Development Outlook
www.adb.org/Documents/Books/ADO/2010/LAO.pdf

Annual Report
www.adb.org/Documents/reports/annual_report/2009/