

# ASIAN DEVELOPMENT BANK MEMBER FACT SHEET



## Lao People's Democratic Republic: 2018 Committed Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
-	-	3.30	196.00	199.30

-- = nil.

Notes: Commitment is the financing approved by the ADB Board of Directors or Management for which the investment agreement has been signed by the borrower, recipient, or the investee company and ADB.

Grants and technical assistance include ADB-administered cofinancing.

ADB operations in the Lao PDR focus on improving physical connectivity to catalyze private sector investment, generate employment, and boost incomes; developing skills that will promote nonresource sectors; and expanding access to health services to enhance labor productivity.

## LAO PEOPLE'S DEMOCRATIC REPUBLIC

## Lao People's Democratic Republic: Cumulative Lending, Grant, and Technical Assistance Commitments<sup>a, b, c</sup>

Sector	No.	Total Amount (\$ million) <sup>d</sup>	% <sup>d</sup>
Agriculture, Natural Resources, and Rural Development	96	518.90	18.75
Education	37	264.07	9.54
Energy	49	508.74	18.38
Finance	35	95.88	3.46
Health	29	159.68	5.77
Industry and Trade	21	110.57	4.00
Multisector	7	24.74	0.89
Public Sector Management	56	88.07	3.18
Transport	54	569.42	20.57
Water and Other Urban Infrastructure and Services	44	427.71	15.45
<b>Total</b>	<b>428</b>	<b>2,767.78</b>	<b>100.00</b>

<sup>a</sup> Grants and technical assistance include ADB-administered cofinancing.

<sup>b</sup> Includes sovereign and nonsovereign loans and technical assistance.

<sup>c</sup> Using primary sector in reporting of commitments.

<sup>d</sup> Numbers may not sum precisely because of rounding.

The economy of the Lao People's Democratic Republic (Lao PDR) has grown by an average of more than 7% per annum over the past 5 years, however, much work remains to resolve the country's development challenges.

Under its Eighth National Socio-economic Development Plan, 2016–2020, the Lao PDR is aiming for inclusive economic growth, human resource development, and sustainable natural resource management to graduate from least-developed country status in 2024.

While the Lao PDR is rich in natural resources and has dynamic mining and hydropower industries, economic diversification is needed to expand private sector investment, generate employment in services and industry, and promote regional cooperation and integration. As for macroeconomic management, the Government of the Lao PDR has made efforts to contain the growing fiscal deficit and the increasing public debt by enacting the Public Debt Management Law in August 2018. Further steps are needed to reduce the fiscal deficit and improve the

country's public debt sustainability from its current distress situation.

The Asian Development Bank (ADB) has been supporting the Lao PDR since 1968 and remains one of the country's largest multilateral financiers, providing \$2.65 billion in loans, grants, and technical assistance.

Cumulative loan and grant disbursements to the Lao PDR amount to \$1.98 billion. These were financed by regular and concessional ordinary capital resources, and the Asian Development Fund.

## Lao People's Democratic Republic: Ordinary Capital Resources Nonsovereign Commitments by Product, 2007–2018

No. of Transactions Signed	1
	Amount (\$ million)
Loans	144.77
Equity Investments	-
Guarantees	-
<b>Total</b>	<b>144.77</b>

-- = nil.



## ADB-SUPPORTED PROJECTS AND PROGRAMS

Throughout the 1970s and 1980s, ADB support for the Lao PDR focused on infrastructure development, notably in transport, energy, agriculture, and finance. Cooperation broadened to include rural development, social development, and environmental sustainability in the 1990s and during the first decade of the 2000s. From 2010 onward, regional cooperation and integration have been at the forefront of development efforts, with the Lao PDR becoming an active member of the [Greater Mekong Subregion \(GMS\)](#) Economic Cooperation Program, the Association of Southeast Asian Nations, and the World Trade Organization.

Most recently, the Lao PDR has been inhibited by limited human capital and weak resilience to climate change and environmental degradation. Flood incidents during 2018 inflicted damage to agriculture production and infrastructure in 15 provinces and in the capital, Vientiane.

In September 2018, ADB committed a \$40.5 million grant to help farmers and agribusinesses develop sustainable and climate-smart agriculture value chains by improving crop productivity, diversifying agricultural products, and enhancing the climate resilience of farming activities.

To expand water supply, ADB committed additional grant financing of \$30.5 million to enable the government to add six more towns to an ongoing water supply and sanitation project. The funding will help construct 150 kilometers of distribution pipelines, benefiting 100,000 residents in the six towns.

The bank also committed a \$30 million policy-based grant to help expand health care coverage and improve health services in line with the government's target to achieve universal health coverage by 2025.

In October 2018, ADB committed two regional projects that will benefit the Lao PDR. Firstly, the bank committed a \$48 million grant to help improve urban environmental services and enhance economic connectivity in Paksan and Thakhek along the GMS central corridor. Secondly, it also committed a \$47 million grant to transform secondary towns in GMS central and southern corridors into economically inclusive and competitive tourism destinations. The project aims to do so by improving transport infrastructure, urban environmental services, and governmental capacity to sustainably manage tourism growth.

## NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides financial assistance to

nonsovereign projects and financial intermediaries. Total commitments from ADB's own funds (in equity and direct loans) in 2018 amounted to \$3.14 billion for 32 transactions in economic and social infrastructure, the finance sector, and agribusiness. ADB also actively mobilizes cofinancing from commercial and concessional sources. In 2018, ADB mobilized \$3.17 billion of long-term cofinancing and \$3.99 billion of cofinancing in trade finance, microfinance, and supply chain finance programs. Total outstanding balances and commitments of nonsovereign transactions funded by ADB's own resources stood at \$12.7 billion as of 31 December 2018.

## COFINANCING

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations to participate in financing ADB projects. The 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](#) and [Supply Chain Finance Program](#).

### 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	75.0	4
2015	66.7	3
2016	100.0	4
2018	–	1
<b>Total</b>	<b>73.1</b>	<b>26</b>

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

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2018.

### Lao People's Democratic Republic: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2017–2018

	2017 (\$ million)		2018 (\$ million)	
	2017 (\$ million)	2018 (\$ million)	2017 (\$ million)	2018 (\$ million)
No. of Ongoing Loans <sup>a</sup> (as of 31 Dec 2018)	14			
Contract Awards <sup>b,c</sup>	54.66	50.30		
Disbursements <sup>b</sup>	27.23	48.70		
No. of Ongoing Grants <sup>a</sup> (as of 31 Dec 2018)	18			
Contract Awards <sup>b,c</sup>	29.48	28.92		
Disbursements <sup>b,d</sup>	31.13	64.39		
Actual Problem Projects (%) (as of 31 Dec 2018)	23			

<sup>a</sup> Based on commitments.

<sup>b</sup> Includes closed loans/grants that had contract awards or disbursements during the year.

<sup>c</sup> Excludes policy-based lending/grants.

<sup>d</sup> Includes only Asian Development Fund and other ADB special funds.

### Lao People's Democratic Republic: Projects Cofinanced, 1 January 2014–31 December 2018

Cofinancing	No. of Projects	Amount (\$ million)
Projects <sup>a</sup>	9	667.44
Grants	5	42.78
Official loans	6	125.26
Commercial cofinancing	1	499.40
Technical Assistance Grants	5	8.80

<sup>a</sup> 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	2017		2018		Cumulative (as of 31 Dec 2018)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	68.19	0.67	93.91	0.75	1,007.56	0.56
Consulting Services	12.31	1.65	4.29	0.62	79.31	0.62
<b>Total Procurement</b>	<b>80.51</b>	<b>0.74</b>	<b>98.19</b>	<b>0.74</b>	<b>1,086.87</b>	<b>0.56</b>

## 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 2014–31 December 2018

Contractor/Supplier	Sector	Contract Amount (\$ million)
Road No. 8 Construction Enterprise	IND, TRA, WUS	24.70
Soukpaseuth Survey Design and Construction Road Bridge and Irrigation Co. Ltd. & Phonsubthavy Road and Bridge Construction Co. Ltd. (JV)	ANR	10.49
Chitchareune Construction Co. Ltd.	IND	9.57
Phongsobthavy Road and Bridge Construction and Irrigation Co. Ltd.	ANR	6.23
DM Group Sole Co. Ltd.	WUS	5.67
Others		243.76
<b>Total</b>		<b>300.42</b>

ANR = agriculture, natural resources, and rural development; IND = industry and trade; TRA = transport; 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 2014–31 December 2018

Consultant	Sector	Contract Amount (\$ million)
Lao Consulting Group Ltd.	ANR, WUS	16.24
Lao-Asie Consultants Group Co. Ltd.	ANR, EDU, MUL, TRA	2.87
Lao Engineering Consultants Co. Ltd.	ANR	1.07
Accounting and Auditing Services Co. Ltd.	ANR, HLT	0.76
Home Consulting Engineers Sole Co. Ltd.	ANR	0.74
Individual Consultants		9.03
Others		6.65
<b>Total</b>		<b>37.36</b>

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

ADB began cofinancing operations in the Lao PDR in 1973. Since then, cumulative direct value-added official cofinancing commitments for the Lao PDR have amounted to \$370.82 million for 33 investment projects and \$49.03 million for 56 technical assistance projects. Cumulative direct value-added commercial cofinancing for the Lao PDR has amounted to \$499.4 million for one investment project.

A summary of projects with cofinancing from 1 January 2014 to 31 December 2018 is available at [www.adb.org/countries/lao-pdr/cofinancing](http://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, as well as with international and national civil society organizations, while playing a significant role in the national roundtable meeting process.

ADB jointly chairs the Lao PDR's macroeconomic working group and the infrastructure sector working group. In December 2018, the resident mission significantly contributed to the success of the roundtable meeting in Vientiane.

### 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 \$10.2 billion in 2017 and \$12.55 billion in 2018. Cumulative procurement since 1966 has been \$180.86 billion covering 215,461 contracts.

In the Lao PDR, 4,599 contracts worth \$1.01 billion have been awarded to contractors and suppliers since 1966.

#### Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$746.79 million in 2017 and \$696.18 million in 2018. Cumulative procurement since 1966 has been \$12.7 billion covering 59,248 contracts.

In the Lao PDR, 788 contracts worth \$79.31 million have been awarded to consultants since 1966.

### OPERATIONAL CHALLENGES

Project start-up delays in the Lao PDR are being addressed by rigorously applying measures to improve project readiness, including the preparation of detailed engineering designs and

ADB support for advanced actions on consultant recruitment and procurement. Safeguard compliance has been proactively addressed, with ADB enforcing stringent social and environmental measures to mitigate or minimize adverse project impacts.

The Lao PDR Resident Mission has taken measures to improve the quality of audited project financial statements to ensure that project funds are used for their prescribed purposes. To improve capacity in financial management and procurement, ADB is continuously conducting training on procurement, disbursement, safeguard compliance, and financial management for implementing and executing agencies.

### FUTURE DIRECTIONS

ADB's country partnership strategy (CPS), 2017–2020 for the Lao PDR blends knowledge work with financing to help the government achieve its desired development outcomes.

Under the CPS, ADB operations focus on improving physical connectivity to catalyze private sector investment, generate employment, and boost incomes; developing skills that will promote nonresource sectors; and expanding access to health services to enhance labor productivity. ADB investments also help ensure sustainable management of natural resources and bolster climate resilience, while gender equality and effective governance remain crosscutting themes.

ADB assistance for regional cooperation and integration builds on the bank's long-standing support for the GMS Economic Cooperation Program, especially in enhancing connectivity, promoting trade

and investment, ensuring health security, and encouraging policy dialogue for effective environmental management. Regional investments place an emphasis on developing economic corridors to

open up the landlocked Lao PDR and narrowing development gaps in the country's poorer provinces. ADB will start preparing the CPS, 2021–2025 for the Lao PDR in 2019.

## 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:	41,173 (0.310% of total membership, 0.476% of total regional membership)
Overall capital subscription:	\$20.53 million
Paid-in capital subscription:	\$1.28 million

**Kshatrapati Shivaji** is the Director and **Bayrammuhammet Garayev** 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 68 members, 49 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 2018, lending volume was \$19.88 billion (126 projects), with technical assistance at \$241.20 million (280 projects) and grant-financed projects at \$1.42 billion (44 projects). In addition, \$14 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 2014 to 31 December 2018, ADB's annual lending volume averaged \$15.99 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$583.95 million and \$184 million over the same period. As of 31 December 2018, the cumulative totals excluding cofinancing were \$275.82 billion in loans for 3,090 projects in 44 countries, \$9.38 billion in 374 grants, and \$4.52 billion in technical assistance grants, including regional technical assistance grants.

## CONTACTS

### Lao PDR Resident Mission

Asian Development Bank  
Corner of Lanexang Avenue and  
Samsenthai Road, P.O. Box 9724  
Vientiane, Lao People's Democratic Republic  
Tel +856-21-250444  
Fax +856-21-250333  
[adbirm@adb.org](mailto:adbirm@adb.org)  
[www.adb.org/lao-pdr](http://www.adb.org/lao-pdr)

### ADB Headquarters

6 ADB Avenue, Mandaluyong City  
1550 Metro Manila, Philippines  
Tel +63 2 8632 4444  
Fax +63 2 8636 2444  
(Please omit the "8" from ADB HQ numbers until  
Manila numbers change on 8 October 2019.)

### Ministry of Finance

23 Singha Road, P.O. Box 46  
Vientiane, Lao People's Democratic Republic  
Tel +856-21-412142/911611  
Fax +856-21-412142  
[www.mof.gov.la](http://www.mof.gov.la)

### Useful ADB websites

Asian Development Bank  
[www.adb.org](http://www.adb.org)

Annual Report  
[www.adb.org/documents/series/adb-annual-reports](http://www.adb.org/documents/series/adb-annual-reports)

Asian Development Outlook  
[www.adb.org/publications/series/asian-development-outlook](http://www.adb.org/publications/series/asian-development-outlook)

ADB Data Library  
[data.adb.org](http://data.adb.org)

### Notes:

ADB welcomed Niue as its 68th member in March 2019.

Figures are estimated by ADB unless otherwise stated. "\$" refers to United States dollars.

Data are updated as of 31 December 2018 unless otherwise indicated. Fact sheets are published annually in April.