



# Asian Development Bank & Lao People's Democratic Republic

## FACT SHEET

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

Non-MDG	
Population in millions	5.99 (2008)
Annual population growth rate (%)	2.1 (2006–2008)
Adult literacy rate (%)	73.2 (2007)
Percent of population in urban areas	29.7 (2007)
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	70 (2007)
Percent of population using an improved drinking water source	60 (2006)

MDG = Millennium Development Goal.

Sources: ADB. 2009. *Basic Statistics 2009*. Manila.  
UNESCO. 2009. Institute for Statistics Data Centre.  
World Bank. 2009. World Development Indicators Online.

The Sixth Five-Year National Socio-Economic Development Plan, 2006–2010 (NSED6) 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). A midterm review of the NSED6 in 2008 showed significant progress toward meeting the planned targets—gross domestic product (GDP) per capita reached \$840 (2008), poverty incidence declined to 28% in 2008 from 33.5% in 2002, and a steady progress toward meeting the income-related Millennium Development Goals. The review affirmed that sustainable economic growth, accelerated social development, and poverty reduction remain the strategic objectives of the socioeconomic development strategy of the Government of the Lao People's Democratic Republic (Lao PDR).

### Relationship with ADB

The Lao PDR joined the Asian Development Bank (ADB) at its founding in 1966 and, as of the end of December 2008, approved loans to the country totaled about \$1.21 billion, with technical assistance projects amounting to \$118.1 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 financial sector since the latter part of the 1980s, and broadened its assistance in the 1990s 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. The CSP seeks to strengthen and expand strategic partnerships, develop capacity, and provide mechanisms that promote flexibility and responsiveness. The core of the strategy is supported by the Vientiane Declaration on Aid Effectiveness and its associated country action plan.

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

ADB's assistance has had important long-term development impact over the last few decades, particularly in infrastructure, where power projects have given electricity connections to some 500,000 people.

In April 2005, ADB approved the Nam Theun 2 Hydroelectric Project to build and operate a 1,070-megawatt trans-basin diversion power plant on the Nam Theun River, a tributary of the Mekong River in central Lao PDR. It allows the country to export electricity to Thailand, raising revenues in the form of taxes, royalties, and dividends, and provides the Government with funds to improve livelihoods, rural infrastructure, irrigation systems, water supplies, and education and health facilities. The project also helps preserve the Nakai–Nam Theun National Protected Area—one of Southeast Asia's few remaining intact tropical rainforests and wildlife habitats. The project will generate about 4,000 jobs during construction.

A number of transport projects have built and upgraded more than 2,300 kilometers of the country's road network, helped raise agriculture incomes and consumption, increased the number of small and medium-sized enterprises, integrated the national economy, and widened opportunities for regional trade and investments.

The Lao PDR, small and landlocked, has benefited most from the GMS program and, as the only member bordering all other member

countries, is crucial to it. The country has received many GMS projects, including the East–West and North–South Corridor projects that have improved cross-border road connections and fostered commercial activities in border areas. As of end-2008, there were 17 ongoing loans and 7 ADF grants totaling \$360 million, and 21 ongoing technical assistance projects totaling \$14.9 million.

The Basic Education (Girls) Project has helped keep poor girls, particularly those of ethnic origin, in school in 11 of 17 provinces across the country. It has also improved the relevance, quality, and efficiency of primary education by recruiting and training local ethnic teachers, and strengthened the management capacities of education officials through training.

The country allocation of concessionary Asian Development Fund (ADF) resources has significantly increased because of progress in economic and social development, which allowed countries to retain historical levels of ADF lending. The biennial allocation to the Lao PDR is \$115 million for 2009–2010, compared to \$47.3 million for 2007–2008. As of December 2008, ADB has approved 100% grant financing for the Lao PDR.

**Table 2. Lao People's Democratic Republic: Economic Indicators, 2004–2008**

Economic Indicator	2004	2005	2006	2007	2008
Per capita GNI, Atlas method (\$)	420	450	500	580	...
GDP growth (% change per year)	7.0	6.8	8.3	7.8	7.2
CPI (% change per year)	10.5	7.2	6.9	4.5	7.6
Unemployment rate (%)	...	...	...	...	...
Fiscal balance (% of GDP)	-3.8	-6.3	-4.2	-4.5	-5.8
Export growth (% change per year)	8.3	88.3	67.1	5.2	21.2
Import growth (% change per year)	54.2	30.9	18.3	91.5	11.9
Current account balance (% of GDP)	-8.0	-17.8	-13.7	-19.7	-18.9
External debt (% of GNI)	109.2	112.8	112.5	118.0	...

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

Sources: ADB. 2009. *Asian Development Outlook 2009*. Manila.  
ADB staff estimates.  
World Bank. 2009. World Development Indicators Online.

**Table 3. Lao People's Democratic Republic: 2008 Loan, TA, and Grant Approvals (\$ million)**

Loans		TA	Grants	Total
Sovereign	Nonsovereign			
–	–	5.12	11.82	16.94

– = nil.

Cumulative Lending (as of 31 Dec 2008) : \$1,211.3 million  
Cumulative Disbursements (as of 31 Dec 2008) : \$1,134.3 million

**Table 4. Lao People's Democratic Republic: Cumulative ADB Lending as of 31 December 2008**

Sector	Loans (no.)	Amount (\$ million)	% <sup>a</sup>
Agriculture and Natural Resources	12	159.55	13.17
Education	5	82.20	6.79
Energy	16	323.32	26.69
Finance	6	79.00	6.52
Health, Nutrition, and Social Protection	2	25.00	2.06
Industry and Trade	1	10.90	0.90
Multisector	8	121.57	10.04
Transport and Communications	13	351.70	29.03
Water Supply, Sanitation, and Waste Management	5	58.10	4.80
<b>Total</b>	<b>68</b>	<b>1,211.34</b>	<b>100.00</b>

<sup>a</sup> Total may not add up because of rounding.

## 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 extensive stakeholder consultations. The new CSP for the Lao PDR can be found at [www.adb.org/Documents/CSPs](http://www.adb.org/Documents/CSPs).

## Operational Challenges

Major development challenges facing the country include meeting the non-income Millennium Development Goals as scheduled; containing

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

By Sector	Percentage <sup>a</sup>	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, Nutrition, and Social Protection	100.0	1
Multisector	100.0	5
Transport and Communications	100.0	11
Water Supply, Sanitation, and Waste Management	20.0	5
<b>Total</b>	<b>71.4</b>	<b>42</b>
<b>By Year of Approval</b>		
1970s	33.3	3
1980s	70.0	10
1990s	73.1	26
2000s	100.0	3

<sup>a</sup> 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 2008.

**Table 6. Lao People's Democratic Republic: Portfolio Performance Quality Indicators for Sovereign Lending, 2007–2008**

	Number of Ongoing Loans (as of 31 Dec 2008)	
	2007 (\$ million)	2008 (\$ million)
Contract Awards/Commitments	43.74	30.86
Disbursements	73.93	49.09
Loans at Risk (%)	4.3	11.8

persistent fiscal deficits through ongoing reforms; achieving debt sustainability; enhancing governance and institutional capacity; creating a conducive environment for the business sector; and boosting the competitiveness of the Lao PDR's niche products.

## Partnership

ADB has been an active player in policy dialogue and development partner coordination in the Lao PDR. It participated in a joint public expenditure review with the World Bank and the International Monetary Fund in July 2005 and helped prepare the Vientiane Declaration Country Action Plan (VDCAP) in 2007. In November 2005 and April 2007, the Government, ADB, the Swedish International Development Cooperation Agency, and the World Bank conducted Joint Portfolio Effectiveness Reviews for the improvement of program and project outcomes and impacts.

**Table 7. Cumulative Nonsovereign Operations Portfolio Distribution by Top Countries, 1983–2008<sup>a,b</sup>**

Country	No. of Projects	Total ADB Approvals (\$ million)
India	37	2,268
People's Republic of China	21	1,694
Indonesia	15	879
Philippines	28	768
Pakistan	27	721
Kazakhstan	5	550
Thailand	10	319
Viet Nam	8	305
Sri Lanka	13	280
Bangladesh	8	242
Afghanistan	6	208
Lao People's Democratic Republic	1	100
Other DMCs	13	87
Azerbaijan	4	66
Nepal	4	59
Regional	36	930

DMC = developing member country.

<sup>a</sup> Includes nonsovereign projects processed by the Private Sector Operations Department and various regional operations departments of ADB. Regional operations departments started nonsovereign operations in 2007.

<sup>b</sup> Net of facilities cancelled in full before signing.

Source: Private Sector Operations Department.

**Table 8. Lao People's Democratic Republic: Contractors/suppliers involved in ADB loan projects, 1 January 2004–31 December 2008**

Contractor/Supplier	Sector	Contract Amount (\$ million)
Nam Theun 2 Power Company, Ltd. (NTPC)	Energy	15.50
LSPD Joint Venture	Transport and Communications	7.99
Chichareune Construction Company, Ltd.	Transport and Communications	4.13
Namtha Road and Bridge Construction State	Multisector	4.08
Savannakhet Irrigation Construction Company	Multisector	2.71
DM Construction Company, Ltd.	Industry and Trade	2.68
Mueang Vang and Rd No. 13S Construction Enterprise JV	Transport and Communications	2.16
Sengthong Construction Company, Ltd.	Multisector	2.14
DLPCP Group Luang Prabang Concrete	Energy	2.09
Liemmanseng Construction Company	Water Supply, Sanitation, and Waste Management	1.93

ADB 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 2008, cumulative direct value-added cofinancing for the Lao PDR amounted to \$162.9 million for 11 investment projects and \$26.7 million for 40 TA projects.

A summary of projects with cofinancing from 1 January 2004 to 31 December 2008 is available at [www.adb.org/Documents/Fact\\_Sheets/LaoPDR/cofinancing.asp](http://www.adb.org/Documents/Fact_Sheets/LaoPDR/cofinancing.asp).

As of 31 December 2008, 10,330 consultant contracts were awarded under ADB loan projects worth \$4.17 billion, of which 100 contracts were awarded to consultants from the Lao PDR worth \$9.2 million.

From 1 January 1985 to 31 December 2008, 18,104 consultant contracts were awarded under ADB TA projects worth \$2.33 billion, of which 142 contracts were awarded to consultants from the Lao PDR worth \$6.1 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](http://www.adb.org/Documents/Fact_Sheets/LaoPDR/procurement.asp).

**Table 9. Lao People's Democratic Republic: Top consultants (individual consultants and consulting firms) involved in ADB loan projects, 1 January 2004–31 December 2008**

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Lao Consulting Group, Ltd.	1	1.28
Burapha Development Consultant	3	0.90
STS Consultants of Lao PDR	1	0.46
Individual Consultants from the Lao PDR*	24	0.37
Lao Red Cross	1	0.34
IUCN Lao PDR	1	0.30
LWR Engineering Company, Ltd.	1	0.18
Chanthalam Private Enterprise for Survey	1	0.11
Lao Transport Engineering Consult	1	0.09
Jochem (Joost) Foppes	1	0.06
Microfinance Training Center	1	0.04

\* Consultant may have one or more contracts within the period covered.

**Table 10. Lao People's Democratic Republic: Top consultants (individual consultants and consulting firms) involved in ADB technical assistance projects, 1 January 2004–31 December 2008**

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Adventist Development and Relief Agency	2	1.29
Individual Consultants from the Lao PDR*	82	1.05
Deutsche Welthungerhilfe-German Agro Action	2	0.68
Friend of the Upland Farmer Company, Ltd.	1	0.12
National Economic Research Institute	1	0.07

\* Consultant may have one or more contracts within the period covered.

## About the Lao People's Democratic Republic and ADB

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

### ADB Membership

Joined	1966
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 agency handling ADB affairs are the Department of International Cooperation of the Ministry of Foreign Affairs and the Department of International Cooperation 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 2008, lending volume was \$10.49 billion (86 projects), with TA at \$274.5 million (299 projects) and grant-financed projects at \$811.4 million (49 projects). This also generated \$1.65 billion in direct value-added cofinancing from financing partnerships operations. Over the last 5 years (2004–2008), ADB's annual lending volume averaged \$7.70 billion, with TA averaging \$231.5 million and grant-financed projects \$655.1 million. As of 31 December 2008, the cumulative totals were \$143.53 billion in loans for 2,147 projects in 41 countries, \$4.08 billion for 263 grant projects, and \$3.55 billion for 6,599 TA projects.

## Contacts

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### Useful ADB websites

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

Country website

[www.adb.org/laopdr](http://www.adb.org/laopdr)

Asian Development Outlook

[www.adb.org/Documents/Books/ADO/2009/LAO.pdf](http://www.adb.org/Documents/Books/ADO/2009/LAO.pdf)

Annual Report

[www.adb.org/Documents/reports/annual\\_report/2008/](http://www.adb.org/Documents/reports/annual_report/2008/)