The economy of the Lao People’s Democratic Republic (Lao PDR) gradually recovered in 2022, supported by the reopening of the country’s borders and improved mobility after a 2-year closure to contain the spread of the coronavirus disease (COVID-19). Services recovery will continue to drive growth momentum in the next 2 years. However, inflationary pressures, linked with currency depreciation and high public debt, will continue to have an impact on consumption and domestic investment.

To date, the Asian Development Bank (ADB) has committed 364 public sector loans, grants, and technical assistance totaling $2.6 billion to the Lao PDR. Cumulative loan and grant disbursements to the Lao PDR amount to $2.41 billion. These were financed by regular and concessional ordinary capital resources, and the Asian Development Fund. ADB’s current sovereign portfolio in the Lao PDR includes 12 loans and 10 grants worth $610 million.1

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. Under its 9th Five-Year National Socioeconomic Development Plan (NSED9), 2021–2025, the Lao PDR aims to promote quality, sustainable, inclusive, and green growth in the context of recovery from the COVID-19 pandemic and to graduate from least developed country status in 2026. The Government of the

<table>
<thead>
<tr>
<th>Lao People’s Democratic Republic: 2022 Commitments ($ million)a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Type</td>
</tr>
<tr>
<td>--------------</td>
</tr>
<tr>
<td>Technical Assistanceb</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

DMC = developing member country, TA = technical assistance.

Notes:
Commitment is the financing approved by ADB’s Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB.
Grants and TA include ADB-administered cofinancing.
* Numbers may not sum precisely because of rounding.
* Financing for TA projects with regional coverage is distributed to their specific DMCs where breakdown is available.

<table>
<thead>
<tr>
<th>Lao People’s Democratic Republic: Cumulative Commitmentsa, b, c, d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
</tr>
<tr>
<td>Agriculture, Natural Resources, and Rural Development</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Energy</td>
</tr>
<tr>
<td>Finance</td>
</tr>
<tr>
<td>Health</td>
</tr>
<tr>
<td>Industry and Trade</td>
</tr>
<tr>
<td>Information and Communication Technology</td>
</tr>
<tr>
<td>Multisector</td>
</tr>
<tr>
<td>Public Sector Management</td>
</tr>
<tr>
<td>Transport</td>
</tr>
<tr>
<td>Water and Other Urban Infrastructure and Services</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

= nil, DMC = developing member country, TA = technical assistance.

* Grants and TA include ADB-administered cofinancing.
* Includes loans, grants, guarantees, and TA.
* Using primary sector in the reporting of commitments.
* From 2020, financing for TA projects with regional coverage is distributed to their specific DMCs where breakdown is available.
* Numbers may not sum precisely because of rounding.

Updated as of February 2024
To promote regional connectivity, ADB actively collaborated with development partners. For the government’s 2022 Annual Round of papers related to macroeconomics and infrastructure from COVID-19 pandemic. ADB also led the preparation of national laws and policies in the Lao PDR to inform efforts to strengthen women’s resilience to climate change and disasters. Another study commissioned by ADB in collaboration with the Lao Women’s Union provides gender analysis of national laws and policies in the Lao PDR to inform efforts to strengthen women’s resilience to climate change and disasters. ADB prepared a report that provides insights into the support needed to further develop the country’s sustainable finance market. Another report explores how a local currency can strengthen economic recovery in the agricultural production, and harness the power of its cities to promote inclusive and equitable growth.

**Nonsovereign operations.** Total outstanding balances and undisbursed commitments of ADB’s nonsovereign transactions in the Lao PDR as of 31 December 2022 was $124.91 million representing 0.98% of ADB’s total private sector portfolio.

**Operational challenges.** Project implementation returned to normalcy due to eased COVID-19 restrictions and the reopening of borders. Challenges in 2022 included lack of quality of audited project financial statements, weak contract management, and risk to health and safety of workers at project sites. Project teams supported the government in identifying the implementation issues’ root causes and resolving them right at the project sites; this approach has resulted in a notable improvement in the overall portfolio performance in 2022. The government and ADB also continued to collaborate to improve portfolio performance through the annual and quarterly portfolio review meetings, in which actions to resolve broad project issues are agreed and implemented.

ADB remains committed to improving the capacities of executing and implementing agencies and has provided financial management training in 2022. ADB also issued a guidance note on contract management and reminded executing and implementing agencies of the importance of workers’ health and safety in construction sites.

### 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 2018–31 December 2022

<table>
<thead>
<tr>
<th>Contractor/Supplier</th>
<th>Sector</th>
<th>Contract Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DM Group Sole Co. Ltd.</td>
<td>WUS</td>
<td>15.64</td>
</tr>
<tr>
<td>Xayya Construction Company. Sole Co. Ltd.</td>
<td>ANR, TRA, WUS</td>
<td>14.43</td>
</tr>
<tr>
<td>Road No. 8 Construction Enterprise</td>
<td>TRA, WUS</td>
<td>13.96</td>
</tr>
<tr>
<td>Khamfong Group Sole Co. Ltd.</td>
<td>TRA, WUS</td>
<td>12.64</td>
</tr>
<tr>
<td>SKN Trading Import-Export Sole Co. Ltd.</td>
<td>ANR, EDU, HLT, IND</td>
<td>7.96</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>339.94</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>404.56</td>
</tr>
</tbody>
</table>

**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 2018–31 December 2022**

<table>
<thead>
<tr>
<th>Consultant</th>
<th>Sector</th>
<th>Contract Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lao Consulting Group Ltd.</td>
<td>ANR, WUS</td>
<td>7.51</td>
</tr>
<tr>
<td>Sokasay Chaluesap Consulting Sole Co. Ltd.</td>
<td>ANR</td>
<td>1.59</td>
</tr>
<tr>
<td>Vanchaleunsub Engineering Consultancy Sole Co. Ltd.</td>
<td>ANR</td>
<td>0.74</td>
</tr>
<tr>
<td>Inova Consultant Sole Co. Ltd.</td>
<td>ANR, IND</td>
<td>0.64</td>
</tr>
<tr>
<td>A-Pro Consulting Sole Co. Ltd.</td>
<td>ANR</td>
<td>0.56</td>
</tr>
<tr>
<td>Individual Consultants</td>
<td></td>
<td>8.89</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>3.23</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>23.17</td>
</tr>
</tbody>
</table>

### KNOWLEDGE WORK

ADB, along with the Ministry of Commerce and Industry and the Lao National Chamber of Commerce and Industry, launched a report that explores ways to improve the local business environment and provides an index to measure support to private sector development from the provinces. Another study commissioned by ADB in collaboration with the Lao Women’s Union provides gender analysis of national laws and policies in the Lao PDR to inform efforts to strengthen women’s resilience to climate change and disasters. ADB prepared a report that provides insights into the support needed to further develop the country’s sustainable finance market. Another report explores how a local currency government bond market can strengthen economic recovery from COVID-19 pandemic. ADB also led the preparation of papers related to macroeconomics and infrastructure development for the government’s 2022 Annual Round Table Implementation Meeting with development partners. To promote regional connectivity, ADB actively collaborated...
with the government and development partners in preparing a report that represents an effort to better understand how the Lao PDR may leverage benefits from regional cooperation and integration in driving forward its development agenda.

Cooperation with civil society organizations in 2022 was extended through consultations with international nongovernment organizations (INGOs) working on governance to inform the preparation of ADB's new country partnership strategy (CPS) for the Lao PDR. World Wildlife Fund and Oxfam, also contributed to ADB's safeguard policy statement review and update.

**FINANCING PARTNERSHIPS**

Financing partnerships enable ADB's financing partner governments or their agencies, multilateral financing institutions, and private organizations to participate in financing ADB projects. The additional funds provided may be in the form of loans and grants, technical assistance, and nonsovereign cofinancing.

Cumulative cofinancing commitments in the Lao PDR:

- Sovereign cofinancing: $420.99 million for 34 investment projects and $49.61 million for 56 technical assistance projects since 1973
- Nonsovereign cofinancing: $499.4 million for 1 investment project since 2014

A summary of projects with cofinancing from 1 January 2018 to 31 December 2022 is available at [www.adb.org/countries/lao-pdr/cofinancing](http://www.adb.org/countries/lao-pdr/cofinancing).

**FUTURE DIRECTIONS**

ADB's CPS for the Lao PDR, 2017–2020, as extended on 9 December 2021, will remain in effect until a new CPS is approved on March 2024. Under the current CPS, ADB operations focus on improving physical connectivity to catalyze private sector investment, generate employment, and boost incomes; developing skills that will promote non-resource sectors such as tourism and logistics; 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 Greater Mekong Subregion 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 AT A GLANCE

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. It has 68 members—of which 49 are from Asia and the Pacific and 19 outside. ADB headquarters is in Manila, Philippines and has 43 offices around the world, with 3,775 staff from 66 members as of 31 December 2022.

ADB maximizes the development impact of its assistance to its members by providing financing and tailored knowledge solutions through policy dialogue and advisory services, among others. It mobilizes financial resources through cofinancing from official, commercial, and export credit sources.

ADB met strong demand for its assistance in 2022. It unlocked greater resources for its members through the private sector and partnerships. ADB provided financing for climate change mitigation and adaptation initiatives, education quality and access, affordable health care, and more sustainable and climate-resilient food systems. In 2022, 97% of ADB's operations contributed to gender equality. ADB fostered greater regional collaboration on issues such as health threats and tax cooperation. ADB also responded to demand for tailored knowledge solutions from its members.

**ADB operations.** In 2022, ADB committed $20.5 billion in loans, grants, equity investments, guarantees, private sector programs, and technical assistance to both the public and private sectors of its borrowing members. ADB bolstered its total support with cofinancing of $11.4 billion.

As of 31 December 2022, ADB's cumulative commitments in 45 countries stood at $358.4 billion covering 4,189 loans, $12.6 billion in 566 grants, and $5.5 billion in technical assistance grants, including regional technical assistance grants.

In addition to loans, grants, and technical assistance, ADB uses guarantees, equity investments, and private sector programs to help its developing member countries.

Total commitments in nonsovereign loans, equity investments, and guarantees from ADB's own funds in 2022 amounted to $11.1 billion for 37 transactions in economic and social infrastructure, finance sector, and agribusiness.

In 2022, ADB mobilized $1.7 billion of long-term project cofinancing and $5.3 billion of cofinancing through its Trade and Supply Chain Finance Program and Microfinance Program. Total outstanding balances and undisbursed commitments of nonsovereign transactions funded by ADB's own resources stood at $12.8 billion as of 31 December 2022.

FINANCING PARTNERSHIPS

Total sovereign and nonsovereign cofinancing commitments, 2022

- $11.39 billion for 165 projects, of which:
  - $11.2 billion, 75 investment projects,
  - $126.49 million, 87 technical assistance projects,
  - $60 million transaction advisory services mandates for 3 projects.

Cumulative sovereign and nonsovereign cofinancing commitments, 1970–2022

- $151.87 billion for 3,292 projects, of which:
  - $147.81 billion, 1,163 investment projects,
  - $2.92 billion, 2,120 technical assistance projects,
  - $1.13 billion transaction advisory services mandates for 9 projects.

PROCUREMENT

**ADB’s Procurement Contracts, 2022**

**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:

- $15.23 billion in 2021
- $16.19 billion in 2022
- $247.06 billion covering 74,995 contracts, cumulative procurement since 1966.

**Consulting Services**
ADB’s procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations:

- $706.65 million in 2021
- $535.61 million in 2022
- $15.45 billion covering 74,995 contracts, cumulative procurement since 1966.

MORE ABOUT THE LAO PEOPLE’S DEMOCRATIC REPUBLIC AND ADB

**Shareholding and Voting Power**

<table>
<thead>
<tr>
<th>Number of shares held</th>
<th>Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,476 (0.014% of total shares)</td>
<td>40,590 (0.305% of total membership, 0.469% of total regional membership)</td>
</tr>
</tbody>
</table>

*Overall capital subscription: $19.64 million
*Paid-in capital subscription: $1.22 million
*United States dollar figures are valued at rate as of 31 December 2022.

**ADB Governor:** H.E. Mr. Santiphab Phomvihane
**ADB Alternate Governor:** Vathana Dalaloy
**ADB Director:** Vikas Sheel (India)
**ADB Alternate Director:** Nim Dorji (Bhutan)
**ADB Director’s Advisor:** V. Ponnuraj (India)

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Useful ADB websites
Asian Development Bank
www.adb.org

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

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

ADB Data Library
data.adb.org

Notes: (i) Figures are estimated by ADB unless otherwise stated.
*“$” refers to United States dollars. (ii) Data are updated as of 31 December 2022 unless otherwise indicated.