

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Lao People's Democratic Republic: 2021 Commitments (\$ million)^a

Product Type	Sovereign	Nonsovereign	Total	COVID-19 Response
Technical Assistance ^b	7.46	1.80	9.26	2.80
Total	7.46	1.80	9.26	2.80

COVID-19 = coronavirus disease, 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.

^a Numbers may not sum precisely because of rounding.

^b Financing for TA projects with regional coverage is distributed to their specific DMCs where breakdown is available.

ADB support to the Lao PDR continues to focus on infrastructure and private sector development, enhanced human development, sustainable natural resource management, and climate resilience.

LAO PEOPLE'S DEMOCRATIC REPUBLIC

Lao People's Democratic Republic: Cumulative Commitments^{a, b, c, d}

Sector	No.	Total Amount (\$ million) ^e	% of Total Amount ^e	COVID-19 Response (\$ million) ^e
Agriculture, Natural Resources, and Rural Development	99	573.16	19.10	-
Education	39	316.11	10.54	0.25
Energy	50	559.25	18.64	-
Finance	35	97.08	3.24	-
Health	30	184.48	6.15	24.07
Industry and Trade	21	111.00	3.70	-
Information and Communication Technology	-	0.59	0.02	-
Multisector	7	25.29	0.84	-
Public Sector Management	57	133.74	4.46	0.05
Transport	54	569.98	19.00	0.03
Water and Other Urban Infrastructure and Services	44	429.74	14.32	-
Total	436	3,000.43	100.00	24.39

- = nil, COVID-19 = coronavirus disease, DMC = developing member country, TA = technical assistance.

^a Grants and TA include ADB-administered cofinancing.

^b Includes loans, grants, guarantees, and TA.

^c Using primary sector in the reporting of commitments.

^d From 2020, financing for TA projects with regional coverage is distributed to their specific DMCs where breakdown is available.

^e Numbers may not sum precisely because of rounding.

The Lao People's Democratic Republic (Lao PDR) enjoyed robust economic growth before the coronavirus disease (COVID-19) pandemic. Gross domestic product (GDP) growth averaged 7% between 2000 and 2019, boosted by investment in natural resources. In 2020, due to COVID-19, GDP growth contracted by 0.5% and the public debt rose to 72% of GDP. The unexpected second wave of COVID-19 in 2021 delayed economic recovery, with real GDP growth projected at 2.3%. In August 2021 the national assembly—the country's supreme legislative body—approved a national agenda to address the economic and financial difficulties by prioritizing several policy objectives including domestic resource mobilization, transparent debt management, and improving the business climate.

The Lao PDR completed a voluntary national review of progress toward the Sustainable Development Goals (SDGs). The country is on track for achieving SDGs on clean water and sanitation, decent work and economic growth, and responsible consumption and production. Progress on water supply and sanitation is particularly noteworthy, with the Asian Development Bank (ADB) supporting water supply connections to 2% of households across the country. Progress on the remaining 14 SDGs has been more moderate. The Government of the Lao PDR is prioritizing education, health, and social protection in its 9th National Socio-Economic Development Plan (NSEDPP) as part of its strategy to graduate from the United Nation's Least Developed Country category by 2026.

To date, ADB has committed 363 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 \$2.32 billion. These were financed by regular



and concessional ordinary capital resources, and the [Asian Development Fund](#). ADB's ongoing sovereign portfolio in the Lao PDR includes 16 loans and 15 grants worth \$776.7 million.¹

In response to the COVID-19 pandemic, ADB provided [additional financing](#) of \$20 million through the [Greater Mekong Subregion health security project](#) to procure essential medical equipment and ambulances. Another additional financing of \$1.4 million through [Supporting Education and Health Sector Programs Facility](#) will help improve the research and teaching capacity of the Lao PDR's University of Health Sciences, including COVID-19-related research and studies. The Lao PDR is among the countries included in a [regional private sector project](#) for a midterm corporate loan of up to \$20 million to fund COVID-19 response operating expenses and working capital needs in South and Southeast Asia. Further technical assistance was provided to support the government to integrate climate change into the national planning and strategy and enhance the climate finance mapping capacity.

ADB is one of the country's largest sources of official development assistance, with an average annual lending of \$100 million over the 5 years to 2021. As of 31 December 2021, ADB's active committed sovereign portfolio in the Lao PDR comprised 19 loans and 18 grant projects with the total amount of \$829.06 million. ADB also provided \$6.7 million for 2 national technical assistance projects and additional support from 84 regional technical assistance projects.

Nonsovereign operations. ADB partnered with the Lao National Chamber of Commerce and Industry to develop the Provincial Facilitation for Investment and Trade Index (ProFIT). The index showed improvements in the business environment across all provinces due to the consolidation of requirements on business. Challenges include excessive licensing requirements and informal practices, with negative impact on tax revenue collection and private sector led post-pandemic recovery. Total outstanding balances and undisbursed commitments of ADB's nonsovereign transactions in the Lao PDR as of 31 December 2021 was \$136.65 million representing 0.97% of ADB's total private sector portfolio.

Operational challenges. Containment and mitigation measures to prevent the spread of COVID-19 temporarily reduced or halted some project operations. Despite this, most projects continued making inroads to achieve targets. Portfolio reviews helped identify broad portfolio issues, propose solutions, and agree on time-bound actions to improve portfolio performance.

In 2021, notable improvements in safeguard compliance were observed. Due to the government's tight fiscal position, ADB approved the use of projects funds to cover some resettlement costs.

Protracted procurement processes remain a challenge. To address this, the government has approved the use of harmonized bidding documents that can be used across multilateral development banks' projects. Delegation of procurement transactions to provincial authorities is becoming more common. ADB has been instrumental in supporting capacity building of implementing agencies through trainings in safeguards, procurement, gender, and financial management. Continued improvements in audited project financial management is expected through trainings.

¹ Sovereign portfolio consists of loans, grants, equity investment, and sovereign guarantee committed and not financially closed. Regional projects with loans/grants to multiple countries are reported separately.

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

Item	Goods, Works, and Related Services	
	Amount (\$ million)	% of Total
2020	50.56	0.22
2021	86.22	0.55
Cumulative (as of 31 Dec 2021)	1,282.33	0.55

Item	Consulting Services	
	Amount (\$ million)	% of Total
2020	1.82	0.25
2021	3.79	0.54
Cumulative (as of 31 Dec 2021)	97.01	0.65

Item	Total Procurement	
	Amount (\$ million)	% of Total
2020	52.37	0.22
2021	90.01	0.55
Cumulative (as of 31 Dec 2021)	1,379.34	0.56

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 2017–31 December 2021

Contractor/Supplier	Sector	Contract Amount (\$ million)
Road No. 8 Construction Enterprise	IND, TRA, WUS	26.89
DM Group Sole Co. Ltd.	WUS	15.92
Xayya Construction Company. Sole Co. Ltd.	ANR, TRA, WUS	14.45
Khamfong Group Sole Co. Ltd.	TRA, WUS	12.64
Chitchareune Construction Co. Ltd.	IND	9.38
Others		357.88
Total		437.16

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 2017–31 December 2021

Consultant	Sector	Contract Amount (\$ million)
Lao Consulting Group Ltd.	ANR, WUS	17.22
Soksay Chaluersap Consulting Sole Co. Ltd.	ANR	1.54
Vanchaleunsub Engineering Consultancy Sole Co. Ltd.	ANR	0.66
Inova Consultant Sole Co. Ltd.	ANR	0.57
A-Pro Consulting Sole Co. Ltd.	ANR	0.56
Individual Consultants		9.65
Others		4.35
Total		34.55

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

KNOWLEDGE WORK

ADB collaborated with the Ministry of Planning and Investment to launch a [report](#) that explores potential links between the agriculture and tourism, which helped guide policy makers in the formation of the 9th NSEDP. ADB also led the preparation of a [paper](#) for the government's Annual High Level Roundtable Meeting with development partners. To promote regional connectivity, ADB is in active collaboration with the government and development partners in the preparation of the Ha Noi connectivity corridor study. ADB also supported the development of national disaster risk management strategy and the revision of the national strategy on climate change.

In 2021, cooperation with civil society organizations was boosted through a partnership with Humana People to People in the implementation of an ADB-financed [regional technical assistance](#). ADB also leveraged expertise in design and construction of wastewater treatment system from Bremen Overseas Research and Development Association to support the implementation of ADB-financed urban development, agriculture, and education projects.

FINANCING PARTNERSHIPS

Financing partnerships enable ADB's partner governments or their agencies, multilateral institutions, and private organizations to participate in ADB projects. The additional funds 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

In 2021, the Lao PDR received a \$21 million loan cofinancing from International Fund for Agricultural Development for the [Sustainable Rural Infrastructure and Watershed Management Sector Project](#).

A summary of projects with cofinancing from 1 January 2017 to 31 December 2021 is available at www.adb.org/countries/lao-pdr/cofinancing.

FUTURE DIRECTIONS

ADB's sovereign operations in the near term will continue to focus on mainstreaming recovery from COVID-19 and providing targeted support for transparent debt management. In the medium term, the focus will be on (i) strengthening governance for COVID-19 recovery, including transparent debt management, domestic resource mobilization, due diligence for public investments, policies for the "new normal," and labor market governance; and (ii) leveraging the benefits of regional cooperation and economic integration, including "one-health", business reforms, skills and protections, tourism recovery, financial inclusion, border town development, renewable energy, and climate resilience.

ADB's support to the Lao PDR will continue to combine financing, knowledge, and partnerships. Gender equality, good governance, and private sector development are cross-cutting themes across ADB's assistance. Regional investments will emphasize the benefits of greater cooperation within the GMS economic corridors. ADB's nonsovereign operations will also continue to seek national and regional transaction opportunities in renewable energy, value chain development, and forest conservation.

Lao People's Democratic Republic: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2020–2021

No. of Ongoing Loans ^a (as of 31 Dec 2021)	2020 (\$ million)		2021 (\$ million)	
Contract Awards ^{b,c}	36.93		54.67	
Disbursements ^b	59.10		48.29	
No. of Ongoing Grants ^{a,d} (as of 31 Dec 2021)	2020 (\$ million)		2021 (\$ million)	
Contract Awards ^{b,c,d}	28.83		46.91	
Disbursements ^{b,d}	35.34		31.61	
At Risk Projects (%) (as of 31 Dec 2021)				6

^a Based on commitments.

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

^c Excludes policy-based, results-based, financial intermediation/credit, CPRO (COVID-19 Pandemic Response Option), and cofinanced loans and grants.

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

Lao People's Democratic Republic: Independent Evaluation Ratings for Sovereign and Nonsovereign Operations, 2012–2021

	Total Number of Validated and Evaluated Projects and Programs	Evaluation Ratings		
		Highly successful and successful	Less than successful	Unsuccessful
Sovereign Operations	19	16	3	–
Nonsovereign Operations	1	1	–	–

– = nil, IED = [Independent Evaluation Department](#).

Note: The numbers indicate sovereign and nonsovereign operations in the country that have been validated or evaluated by the IED and their overall performance ratings. The coverage consists of all validated or evaluated project completion reports and extended annual review reports circulated by ADB within the 10-year period from 1 July 2011 to 30 June 2021. See [evaluations](#) related to the Lao People's Democratic Republic.

Source: IED success rate database.

Lao People's Democratic Republic: Projects Cofinanced, 1 January 2017–31 December 2021

Cofinancing	No. of Projects	Amount (\$ million)
Sovereign ^a	3	54.54
Loan	1	21.00
Grant	1	29.17
Technical Assistance	2	4.38

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

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 3,693 staff from 65 of its members as of 31 December 2021.

ADB maximizes the development impact of its assistance to its developing 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 pivoted swiftly to answer the needs of its developing members and will remain agile and responsive in the years ahead. It has started to see the shoots of a green recovery, but the long-term effects of the COVID-19 pandemic, climate change, and the outbreak of conflicts still threaten lives and prosperity. ADB will continue to work closely with members and development partners through these challenges to achieve a better future for all in Asia and the Pacific.

ADB operations. In 2021, ADB committed \$22.8 billion in loans, grants, equity investments, private sector programs, and technical assistance both to the public and private sectors of its borrowing members. ADB bolstered its total support with cofinancing of \$12.9 billion.

As of 31 December 2021, ADB's cumulative commitments in 45 countries stood at \$342 billion covering 4,061 loans, \$11.7 billion in 521 grants, and \$5.2 billion in technical assistance grants, including regional technical assistance grants.

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

Total commitments in nonsovereign loans and equity investments from ADB's own funds in 2021 amounted to \$1.2 billion for 35 transactions in economic and social infrastructure, finance sector, and agribusiness.

In 2021, ADB mobilized \$1.7 billion of long-term project cofinancing and \$5.8 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 \$14 billion as of 31 December 2021.

FINANCING PARTNERSHIPS

Total sovereign and nonsovereign cofinancing commitments, 2021

- \$12.93 billion for 187 projects, of which:
 - » \$12.38 billion, 75 investment projects,
 - » \$134.67 million, 110 technical assistance projects,
 - » \$422.87 million transaction advisory services for 2 projects.

Cumulative sovereign and nonsovereign cofinancing commitments, 1970–2021

- \$140.43 billion for 3,165 projects, of which:
 - » \$136.6 billion, 1,098 investment projects,
 - » \$2.8 billion, 2,061 technical assistance projects,
 - » \$1.07 billion transaction advisory services for 6 projects.

PROCUREMENT

ADB's Procurement Contracts, 2021

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:

- \$22.93 billion in 2020
- \$15.6 billion in 2021
- \$232.16 billion covering 225,336 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:

- \$730.78 million in 2020
- \$697.03 million in 2021
- \$14.86 billion covering 71,348 contracts, cumulative procurement since 1966

MORE ABOUT THE LAO PEOPLE'S DEMOCRATIC REPUBLIC AND ADB

Shareholding and Voting Power

Number of shares held: 1,476 (0.01% of total shares)
Votes: 40,590 (0.31% of total membership, 0.47% of total regional membership)

*Overall capital subscription: \$20.66 million

*Paid-in capital subscription: \$1.29 million

*United States dollar figures are valued at rate as of 31 December 2021.

ADB Governor: Bounchom Ubonpaseth

ADB Alternate Governor: Vathana Dalaloy

ADB Director: Sameer Kumar Khare (India)

ADB Alternate Director: Md. Azizul Alam (Bangladesh)

CONTACTS

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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/asian-development-outlook

ADB Data Library
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Notes: (i) Figures are estimated by ADB unless otherwise stated. " \$" refers to United States dollars. (ii) Data are updated as of 31 December 2021 unless otherwise indicated.