



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 19-Aug-2022 | Report No: PIDA34151



BASIC INFORMATION

A. Basic Project Data

Country Lao People's Democratic Republic	Project ID P178002	Project Name Lao PDR Statistical System Modernization	Parent Project ID (if any)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 22-Aug-2022	Estimated Board Date 10-Nov-2022	Practice Area (Lead) Poverty and Equity
Financing Instrument Investment Project Financing	Borrower(s) Lao People's Democratic Republic	Implementing Agency Lao Statistics Bureau, Ministry of Planning and Investment	

Proposed Development Objective(s)

The PDO is to improve the capacity of the Lao PDR Statistical System to produce and disseminate good quality statistics in a timely manner and to enhance use of key statistics, and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

Components

- Component 1: Improving availability and quality of statistics
- Component 2: Enhancing use of statistics
- Component 3: Strengthening institutional capacity and project management
- Component 4: Contingent Emergency Response (CERC)

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	21.00
Total Financing	21.00
of which IBRD/IDA	21.00
Financing Gap	0.00

DETAILS

World Bank Group Financing



International Development Association (IDA)	21.00
IDA Credit	21.00

Environmental and Social Risk Classification

Low

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

- 1. The Lao People’s Democratic Republic, a lower-middle-income country of 7.3 million people, is a small landlocked country with abundant natural resources.** Laos is endowed with significant natural resources including a mosaic of forests, water, biodiversity, minerals, and land. Their value was estimated at \$149 billion in 2018, of which 78 percent are in the form of water and forests and 22 percent from agriculture. Despite being the only landlocked country in Southeast Asia, Laos shares its international borders with five large economies: Cambodia, China, Myanmar, Thailand, and Vietnam – forming the most dynamic Southeast Asian market.
- 2. Having been one of the fastest growing economies in East Asia and the Pacific before COVID-19, Laos is experiencing a growth slowdown.** Shaped by the country’s two strategic visions: the land-linked country and the battery of Southeast Asia, economic growth has been driven by capital accumulation in the natural resource sectors and other large infrastructure developments, such as mining, hydropower, and transport-related projects. The resource-based economy has not supported job creation and is increasingly vulnerable to climate change and natural hazards. While the economy grew at an average of 7.0 percent per year between 2003 and 2019, signs of deceleration appeared in 2013. Gross Domestic Product (GDP) growth steadily declined from 8.0 percent in 2013 to 5.5 in 2019, before falling to 3 percent in 2021 owing to COVID-19. The recovery is expected to be gradual, with growth projected to rise to around 4-5 percent in the medium term, below pre-pandemic levels.
- 3. Laos faces deteriorating macroeconomic conditions, a legacy of its growth pattern that has been capital-intensive, resource-driven, and debt-fueled.** Public and publicly guaranteed debt was estimated at 89 percent of GDP in 2021, one of the highest in the region. High debt service obligations, coupled with the limited availability of foreign currency, have contributed to a rapid exchange rate depreciation, with the Lao kip depreciating by almost 60 percent against the US dollar over the year to July 2022. This has compounded the external debt burden. The growth slowdown has put a strain on fiscal revenues. The ratio of domestic revenues to GDP fell steadily from 16.3 percent of GDP in 2015 to 11.8 per cent in 2020 and is estimated at around 13 percent in 2021. Weak revenue performance, rising public debt



and debt service burdens, foreign exchange liquidity constraints and the depreciation of the kip have contributed to deteriorating macroeconomic conditions and threatened development prospects.

4. Fiscal stress has forced expenditure cuts in key development areas, while rising inflation has affected livelihoods and food security. Declining fiscal revenues and growing interest payments have squeezed the fiscal space available for key development areas, including human capital development. Public spending on health and education is estimated to have declined from an already low 4.4 to 3.1 percent of GDP between 2016 and 2021. Laos already suffers from low levels of human capital. The country's score on the World Bank's Human Capital Index suggests that a child born today will be 46 percent as productive when she grows up as she could be if she enjoyed a complete education and full health. The rapid exchange rate depreciation, coupled with rising global inflation, has driven up consumer prices. The inflation rate surged to 23.6 percent in June 2022, undermining living standards and aggravating food insecurity.

5. The regional context plays a key role in shaping economic opportunities, with the Laos-China railway representing an important investment in regional connective infrastructure. The largest export markets and sources of foreign direct investment (FDI) include China, Thailand, Vietnam, and Japan, with China accounting for a significant share of FDI. The Laos-China railway that started operating in 2021 will connect Laos to the entire network of the Belt Road Initiative (BRI), while the Regional Comprehensive Economic Partnership (RCEP), which became effective in January 2022, offers opportunities to deepen regional integration. Success in capitalizing on the country's strategic geographic location for inclusive development will depend on the ability of the Government of Lao PDR (GoL) to make the right and timely policy decisions to expand its export markets and diversify the economy toward job-creating sectors, while ensuring that the benefits of growth are shared more broadly.

6. Against the backdrop of this shifting and increasingly complex and transforming economic landscape, evidence-informed decision making is more important than ever. As Laos strives to promote regional integration and position itself as a land-linked economy, key statistics in the realms of economic activities, national accounts, fiscal affairs and debt, the balance of payments and the external positions that meet international standards are essential to guide the decision making of the GoL and international stakeholders. The challenging situation in the private sector and the labor market that Laos is currently facing, which has been aggravated by the impact of COVID-19, increases the demand for high quality, timely, and integrated data that could assist decision making of policymakers, firms, and individuals. At the same time, high fiscal deficit and public debt levels have resulted in tight fiscal constraints. The evidence-based policy design approach, underpinned by monitoring and evaluation systems, is an important tool for policymakers to formulate and implement tax and expenditure policies that balance distributional and efficiency objectives and maximize the development impact of scarce resources.

Sectoral and Institutional Context

7. The Lao Statistics Bureau (LSB), a semi-autonomous ministry-equivalent organization, is the main producer of official statistics and the national statistical system coordinator in Laos. The national statistical system, known as the Lao PDR Statistical System (LSS), consists of LSB, the statistical centers of line ministries and the Bank of Lao PDR, and the statistical centers at the provincial- and district- levels. The first statistics law of 2010 has upgraded LSB from a department under the Ministry of Planning and Investment to a ministry-equivalent organization. The law assigned LSB the responsibility of providing the overall direction of the national statistical system through its mandate to draft the LSS's development strategy, and leading the production, management, coordination, and dissemination of official statistics.

8. Laos has made progress in advancing its statistical capacity in recent years. There has been an increase in data production both by LSB and the statistical centers of line ministries to support the policymaking process. The



Strengthening the National Statistical System Project 2013 – 2018 (P129825) has improved the LSS's capacity to produce and disseminate more reliable and timelier macroeconomic statistics including GDP, Consumer Price Index, and Balance of Payments statistics in accordance with international standards and in response to user needs. There has been an increasing level of government support in recent years and development partners have contributed significantly to the growth and maturity of statistical activities in Laos.

9. Despite achievements in the past few years, there are still important data gaps to be filled and data dissemination to be strengthened. Laos lags its regional peers in advancing the national statistical system's performance. According to the World Bank's Statistical Performance Indicators, the country's overall score was estimated at 54.1 in 2019, lower than 56.2 for Cambodia, 66.0 for Vietnam, 72.2 for Indonesia, 75.7 for the Philippines and 76.1 for Thailand. The largest gap is in data services, in which the country ranks in the lowest quintile of the global ranking, suggesting an opportunity for improvement in areas of data dissemination, data releases, online access, and other data services. Significant challenges remain in compilation and dissemination of economic and national accounts statistics, while inadequate data dissemination in the area of government finance and international investment positions has attracted international attention. Capacity in census and survey data collection has increased, although frequency and dissemination practices can be improved.

10. As a system, limited data sharing and integration have hindered evidence-based policymaking on cross-cutting issues. Development of the LSS has been driven by policy agendas and national development plans, which have been implemented and assessed at the sectoral level. Each ministry has the responsibility of compiling and disseminating its own statistical indicators for public consumption. There are governance issues with respect to data sharing and integration. The lack of an overarching data governance model has led to fragmentation in data standards and technical solutions for data sharing, which hinders data interoperability across different sectors and affects the possibility of integrating data to inform policies on cross-cutting issues. The lack of data integration has resulted in an underutilization of administrative data collected by line ministries and, compounded with weak data dissemination, has undermined the value of the LSS's products.

11. LSB has played a role of the LSS coordinator with some degree of success, but there is scope to further strengthen the LSB's capacity to lead the system and produce the desired outcomes. According to the 2017 Statistics Law, LSB should have an influence on the development of statistics across ministries and subnational government bodies and the official statistics that the system generates. Operationally, LSB has the responsibility for providing guidelines and directions on the operations of the LSS and collecting, consolidating, and requesting statistics from line ministries and to disseminating them at the national level. The ministries and provinces are obliged to seek the LSB's technical endorsement on the statistics they produce. LSB is tasked to provide necessary training on techniques, management, and planning to the statistical centers in the LSS. In recent years, the vertical and horizontal organizational structure and coordination mechanisms have been established and upgraded. However, the Data Quality Assessment Framework of the LSS is not in place and the de jure mandate that LSB has in providing technical endorsement for and requesting statistics from the line ministries has not yet been fully exercised.

12. The Strategy for the Sustainable Development of the National Statistical System 2016 – 2025 and Vision by 2030 outlines five strategies for sustainable development of the LSS. The five strategic areas include: legislation, infrastructure, production and dissemination, coordination and integration, and resources. By 2025, it is envisioned that the LSS would produce high quality official statistics to meet the requirement of the implementation of the National Socioeconomic Development Plan. By 2030, it is envisaged that high quality official statistics would be produced, disseminated, and exchanged to serve user needs.



C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The PDO is to improve the capacity of the Lao PDR Statistical System to produce and disseminate good quality statistics in a timely manner and to enhance use of key statistics, and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

Key Results

13. The achievement of the PDO level results will be measured by three high-level indicators. The proposed indicators assess:

- i. The progress in production and dissemination of core statistics as measured by publication of GDP by industry, expenditure, and income, Gross National Income, and quarterly GDP over at least one year and to the end of the project. Baseline (No). Target (Yes).
- ii. The timeliness of key statistics as measured by the number of indicators complied with the IMF's Enhanced General Data Dissemination System (e-GDDS) recommended timeliness over at least one year and to the end of the project (number). Baseline (1). Target (5).
- iii. The use of statistics as measured by a percentage increase in the number of downloads of datasets and publications in one year (percent). Baseline (0). Target (30).

14. The first PDO indicator measures the availability and quality of core statistics specifically for the System of National Accounts (SNA). As of 2022, only annual GDP by industry is available. The first PDO indicator is directly linked to the project's support to implementation of the 2008 SNA, particularly to advancing from the pre-SNA phase to Milestone 1 and Milestone 2 of the implementation, making available GDP by expenditure and income, GNI, and quarterly GDP.

15. The second PDO focuses on the timeliness of key statistics and the third PDO measures use of statistics. Of all the key statistics prescribed by the e-GDDS, only CPI publication complies with the e-GDDS recommended timeliness. The second PDO indicator is linked to the project's support to production of real sector indicators and pilot of an integrated data platform, which will allow LSB to access administrative data sources in a more timely manner. The third PDO indicator is linked to the project's support to dissemination, user engagement and data literacy, which is expected to result in an increase in the number of datasets and publications downloaded from the LSB website.

D. Project Description

16. The project consists of four components: i) improving availability and quality of statistics; ii) enhancing use of statistics; iii) institutional and statistical capacity strengthening and project management; and iv) Contingent Emergency Response (CERC). The project structure was determined through discussions with LSB. The proposed project activities were identified through discussions and consultations with the LSS stakeholders including LSB, the statistics departments of line ministries, the Lao Academy of Social and Economic Sciences, and the National University of Laos, emphasizing an effort to strengthen the LSS as a system and foster data exchange and integration within the LSS. Consultations with key development partners including the United Nations Population Fund, International Monetary Fund, United Nations Children's Fund, Asian Development Bank, International Labour Organization, and other UN agencies were carried out to foster collaboration, create synergies and avoid overlapping support among donors.

Activities financed by the Governments of Luxembourg and Hungary were also considered when designing the project. Discussions with GoL thinktanks, academic and research institutes and private sector were held to get better understanding on demand for statistics. Project components and activities are summarized in Table 1.

Table 1: Project components and activities

Component 1: Improving availability and quality of statistics
<p>Subcomponent 1.1 Economic statistics</p> <p>Activity 1.1.1 System of National Accounts (SNA)</p> <p>Activity 1.1.2 Price statistics</p> <p>Activity 1.1.3 Sectoral statistics</p> <p>Activity 1.1.4 Annual enterprise survey</p> <p>Activity 1.1.5 Agricultural survey</p> <p>Subcomponent 1.2 Social statistics</p> <p>Activity 1.2.1 Annual labor force survey</p> <p>Activity 1.2.2 Household expenditure and consumption survey</p> <p>Activity 1.2.3 Census cartography</p> <p>Activity 1.2.4 Gender statistics</p>
Component 2: Enhancing use of statistics
<p>Subcomponent 2.1 Data integration</p> <p>Activity 2.1.1 Integrated data platform</p> <p>Activity 2.1.2 Data sharing framework</p> <p>Activity 2.1.3 Quality assessment framework</p> <p>Activity 2.1.4 Capacity building for data management</p> <p>Subcomponent 2.2 Data dissemination</p> <p>Activity 2.2.1 Centralized data portal.</p> <p>Activity 2.2.2 Communication and dissemination.</p> <p>Activity 2.2.3 User engagement and data literacy</p> <p>Activity 2.2.4 Enhanced General Data Dissemination System (e-GDDS) and advance release calendar</p> <p>Subcomponent 2.3 ICT infrastructure</p>
Component 3: Institutional capacity strengthening and project management
<p>Subcomponent 3.1 Strengthening institutional capacity</p> <p>Activity 3.1.1 Statistics law and Strategy for Sustainable Development of the National Statistical System</p> <p>Activity 3.1.2 Human resources development and capacity building</p> <p>Subcomponent 3.2 Project management</p>
Component 4: Contingent Emergency Response (CERC)

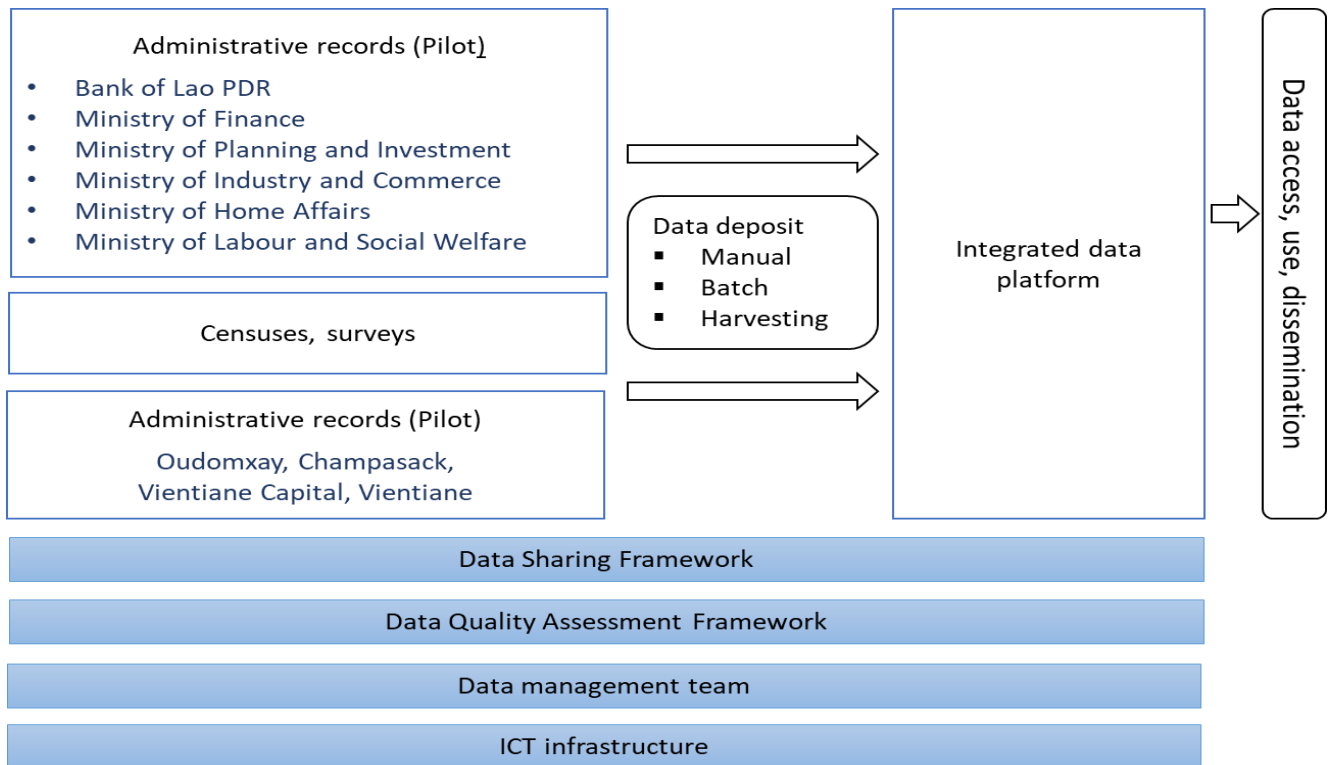
17. Component 1: Improving availability and quality of statistics. The objective of this component is to improve the availability and quality of key statistics that meet international standards. Improving availability means adding new statistical products and increasing the frequency of existing statistics while enhancing quality means improving the



accuracy, reliability, relevance, and timeliness of statistics. These will be achieved by an improvement in collection of administrative, census and survey data as well as data compilation methodologies. In particular, the project will finance technical assistance to improve the compilation and survey methodologies and finance survey implementation including consultancy for survey design, software, enumerator trainings and compensation, transportation, technical assistance and capacity building for data analysis and reporting, and publications. This component will support statistics produced by LSB and the statistical centers of line ministries or equivalent agencies under the LSB’s technical guidance in areas of national accounts, prices, agriculture, firm and labor market, poverty and welfare, gender, geospatial data, among others. It is made up of two subcomponents: i) Economic statistics; and ii) Social statistics.

18. Component 2: Enhancing use of statistics. The objective of this component is to enhance the use of statistics produced by the LSS through data integration and dissemination. This component also lays the groundwork for the modernization of LSB and the LSS through piloting data integration and making an investment in an early development of the four pillars for a data governance and management architecture: i) standards and protocols; ii) data management team; iii) ICT infrastructure; and iv) data literacy. This component operationalizes the 2017 Statistics Law that assigns LSB the responsibility to provide quality assurance and technical endorsement to statistics produced by the LSS, as well as to collect, consolidate, and request statistics from the line ministries and to disseminate them at the national level. It is made up of three subcomponents: i) Data integration (Figure 1); ii) Data dissemination; and iii) ICT infrastructure.

Figure 1. Integrated data platform





19. **Component 3: Strengthening institutional capacity and project management.** The objectives of this component are to strengthen human resource and institutional capacity of the LSS, especially LSB in leading and coordinating the LSS toward modernization, and to support project implementation. It is made up of two subcomponents: i) Strengthening institutional capacity; and ii) Project management.

20. **Component 4: Contingent Emergency Response (CERC).** This zero-dollar component would allow rapid reallocation of credits proceeds to respond to unanticipated eligible crises or emergencies. This component has no allocation and no financing unless an eligible emergency or crisis is declared.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

21. **The project recognizes the following environmental and social standards (ESS) as relevant to the project:** ESS 1 Assessment and Management of Environmental and Social Risks and Impacts; ESS 2 Labor and Working Conditions; ESS 3 Resource Efficiency and Pollution Prevention and Management, ESS 4 Community Health and Safety, ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities and ESS 10 Stakeholder Engagement and Information Disclosure.

22. **The environmental risk is assessed to be Low.** Only negligible or minimal environmental risks and impacts are anticipated from the project activities. The project does not support civil works, and environmental risks and impacts are confined to disposal or recycling of package and electronic waste when equipment is replaced or repaired. This can be mitigated with an e-waste management plan which the client has prepared as part of the Environmental and Social Management Plan (ESMP). In addition, the project included description of technically and financially feasible measures to improve energy efficiency (e.g., use of energy-efficient equipment) as part of the ESMP.

23. **The social risk is classified as Low.** While the project aims to deliver a range of benefits, project activities have the potential to generate minimal, predictable, mitigatable social risks and impacts, low in magnitude. Social risks and impacts anticipated for this project include: (a) lack of stakeholder engagement; (b) risks related to the labor and working conditions of project workers; (c) risk of exclusion and discrimination particularly of ethnic minorities and vulnerable groups if not adequately represented in statistical data collection; (d) risk of Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH) and Violence Against Children (VAC) when conducting household interviews and (e) risk of data security and privacy. These risks and impacts are low, and they are for the most part predictable and possible to mitigate during the lifetime of the project. This risk rating also takes into consideration a lack of or minimal capacity of LSB, which was assessed during preparation. The anticipated risks can be mitigated through appropriate actions or risk management plans. Particular attention will be paid to monitor and verify compliance in the application of ESS 2 Labor and Working Conditions as well as ESS7 Indigenous Peoples. The SEA/SH risk was screened for and assessed as part of preparation following the PCN meeting and is classified as low. The project will not fund infrastructure construction activities. Codes of Conduct are included as Annex 5 of the ESMP and will be included in consulting contracts.

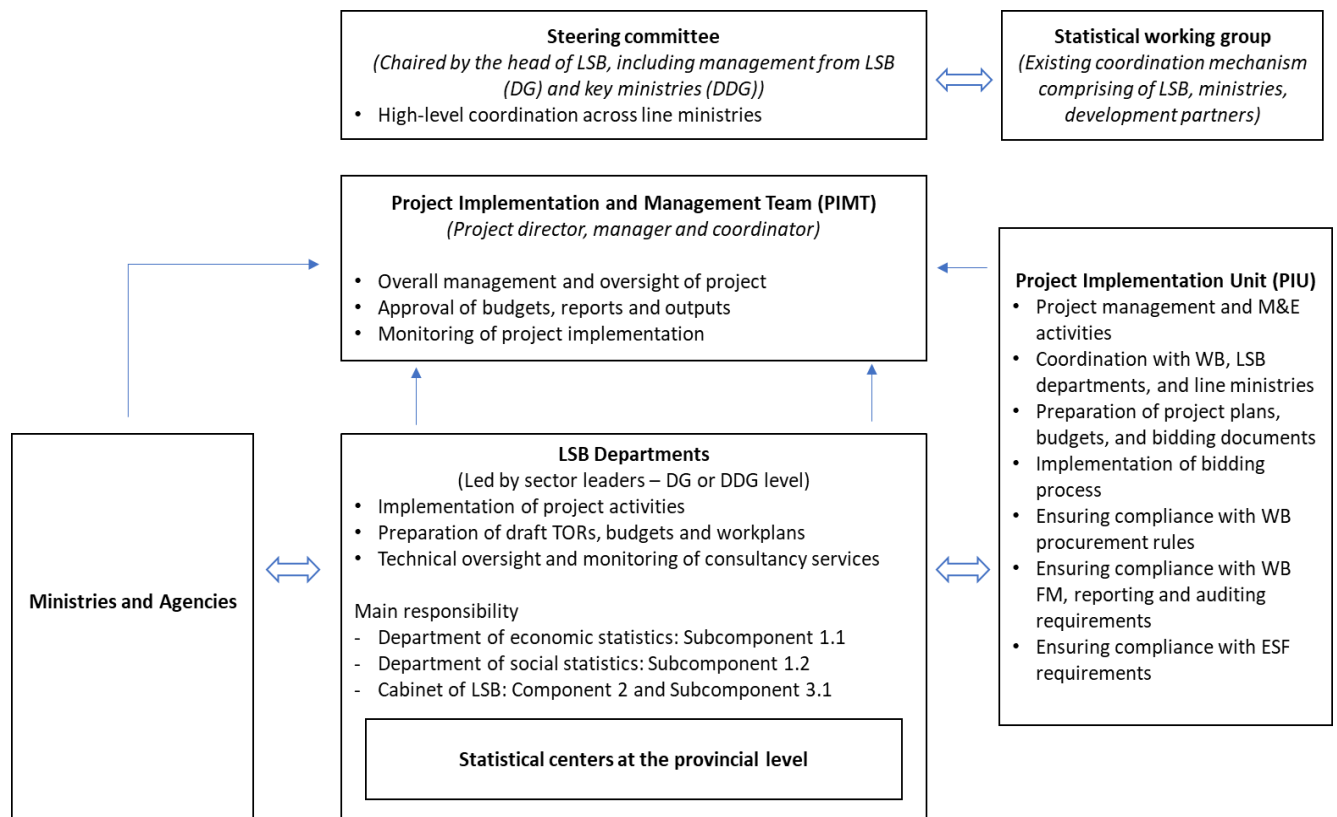


E. Implementation

Institutional and Implementation Arrangements

24. **LSB under the Ministry of Planning and Investment (MPI) will be the main implementing agency.** As the central agency of the national statistical system, LSB will be the main beneficiary of the project. Although not explicitly stated, the Statistics Law 2017 clearly implies a national statistical coordinator role for LSB within the national system. The LSB also has experience in project management and a good understanding of operational procedures of the Bank projects from the LAOSTAT. Therefore, LSB will be the main implementing agency responsible for planning, coordinating, executing, and reporting on project activities, as well as maintaining adequate procurement, financial management, auditing and Environmental and Social Framework (ESF) arrangements. Figure 2 summarizes the institutional and implementation arrangement of the project.

Figure 2. Implementation arrangements



25. **The project implementation unit (PIU) will be established, supported by external specialists to fulfill its fiduciary and ESF responsibilities.** PIU will be led by Deputy Head of LSB and include project staff from LSB departments. PIU will be responsible for overall project management, procurement and FM works, ESF implementation, M&E activities, and coordination between LSB departments, ministries and agencies, and the Bank. External consultants will be recruited to support PIU and build in-house capacity in the Bank’s procurement and financial management (FM) procedures and ICT-related activities. While LSB has experience with implementing the Bank project, ESF was not applied during the LAOSTAT project. Therefore, the project will also recruit an external ESF consultant to support ESF implementation and build



environmental and social risk management capacity in PIU. PIU will report to the Project Implementation and Management Team (PIMT) which will be responsible for overall management and oversight of the project.

26. LSB departments will take main responsibility for implementing each subcomponent. Under the new organizational structure, LSB consists of four departments: i) Department of Economic Statistics responsible for macroeconomic and business statistics; ii) Department of Social Statistics responsible for social and vital statistics; iii) Department of Environmental Statistics responsible for environmental statistics; and iv) Cabinet of LSB responsible for administrative and external relations affairs of LSB, personnel and capacity building, ICT, and data dissemination. In collaboration with relevant line ministries and agencies, Department of Economic Statistics will take main responsibility for implementing Subcomponent 1.1, Department of Social Statistics for Subcomponent 1.2, and Cabinet of LSB for Component 2 and Subcomponent 3.1. Building on lessons learned from the LAOSTAT project, activities will be led by the Director General (DG) or Deputy Director General (DDG) of each department to ensure that LSB takes ownership of the project. LSB departments will also coordinate with PIU and report to PIMT.

27. LSB will take the lead on coordinating with key stakeholders for implementation of the project. Key stakeholders include LSB, relevant line ministries and agencies, development partners, and donors. The project will build on the existing coordination mechanism – the statistical working group – to coordinate donor support to avoid overlapping activities and create synergies. At the same time, the steering committee comprising of management from LSB and key ministries and agencies particularly those participating in piloting the integrated data platform (i.e., the Ministries of Finance, Planning and Investment, Industry and Commerce, Home Affairs, and Labour and Social Welfare, and Bank of Lao PDR) will be established to facilitate high-level coordination and support the data integration agenda.

CONTACT POINT

World Bank

Tanida Arayavechkit
Economist

Somneuk Davading
Senior Economist

Borrower/Client/Recipient

Lao People's Democratic Republic

Implementing Agencies



Lao Statistics Bureau, Ministry of Planning and Investment
Phetsamone Sone
Deputy Head of Lao Statistics Bureau
phetsamonesone@gmail.com

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Tanida Arayavechkit Somneuk Davading
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Approved By

Practice Manager/Manager:		
Country Director:	Alexander Kremer	22-Aug-2022