

Completion and Learning Review

Lao PDR

FY17-FY21 Country Partnership Framework

April 18, 2022

Ratings

	CLR Rating	CLRR (IEG) Rating
Development Outcome:	Moderately Unsatisfactory	Moderately Unsatisfactory
WBG Performance:	Good	Good

Executive Summary

- i. This review of the World Bank Group's (WBG) Completion and Learning Review (CLR) covers the period of the Country Partnership Framework (CPF), FY17-FY21, and updated in the Performance and Learning Review (PLR) dated February 12, 2020.
- ii. **The CPF program(objectives and design) was closely aligned with the government's economic priorities:** (i) sustained, inclusive economic growth with reduced economic vulnerability; (ii) developed human resources, with upgraded capacities of the public and private sectors and with reduced poverty in all ethnic groups, with equal access across genders and ethnic groups to quality education and health services; and (iii) effective protection and use of natural resources and the environment according to green-growth and sustainable principles, with readiness to cope with natural disasters and the effects of climate change. The program, which drew substantially on the then recently completed SCD, had as its overall objective to support Lao PDR to accelerate progress toward the WBG twin goals of ending extreme poverty and boosting shared prosperity. To this end the program had three focus areas: supporting inclusive growth, investing in people, and protecting the environment, and with a cross cutting theme of strengthening institutions to establish a rules-based environment. The CLR notes that subsequently to the PLR, the Bank responded quickly to the pandemic with several operations for vaccines and to support the health system and the broader impact on the economy. All of the issues in the results framework were related (directly or indirectly) to reduction of poverty or inequality. The

CLR Reviewed by:	Peer Reviewed by:	CLR Review Coordinator
Nils Fostvedt, Consultant, IEGEC Albert Martinez, Consultant, IEGEC	Judyth Twigg, Consultant, IEGEC	Jeff Chelsky, Manager, IEGEC Melissa Metz, CLRR Coordinator, IEGEC

program also sought to address gender issues and disaster risk management and resilience, including from risks enhanced by climate change.

iii. **IEG rates the CPS development outcome as Moderately Unsatisfactory**, and notes that some indicators and objectives stopped short of assessing outcomes. Of the nine objectives, one was rated Achieved, two Mostly Achieved, and six Partially Achieved.

- a. Focus Area I (Supporting inclusive growth) is rated Moderately Unsatisfactory. Objective 1, Putting public finance on a sustainable path and supporting financial sector stability, was rated Partially Achieved. The indicator for financial sector stability (public reporting and compliance with the capital adequacy ratio [CAR]) was achieved; however, given data unavailability it is not possible to validate whether the CAR actually improved over the period. Public debt has increased substantially over the CPF period and risk of debt distress remains high. Objective 2, Making it easier to do business, was Partially Achieved with limited evidence of progress. Objective 3, Investing in infrastructure for growth and inclusion, was Achieved. There was good progress on share of population with access to an all-weather road, reduced time to access safe water sources in targeted areas, and provision of poverty reduction grants in targeted districts.
- b. Focus Area II (Investing in people) is rated Moderately Satisfactory. Objective 4 (Reducing prevalence of malnutrition) was Partially Achieved; evidence on the prevalence of malnutrition, including stunting rates, was not monitored. Objective 5 (Improving quality primary and pre-primary education and keeping girls in school) was Mostly Achieved. There was good progress on the percentage of preschool aged children attending pre-school programs in target areas and some progress on reducing the primary education dropout rate and improving a measure of literacy. Objective 6 (Improving access to and quality of maternal and child health services) was Partially Achieved. There was good progress on access, as measured by the number of pregnant women who received antenatal care and who delivered with a skilled birth attendant. However, there was no evidence on the quality of services.
- c. Focus Area III (Protecting the environment) is rated Unsatisfactory with both objectives (Promoting protection of the environment and responsible management of natural resources, and Enhancing disaster risk management and climate and disaster resilience) only Partially Achieved. Some steps have been taken to improve environmental impacts, but outcomes have not yet been achieved. There was only partial progress on some limited measures of disaster risk management and climate and disaster resilience.
- d. The cross-cutting theme of Strengthening institutions and systems for improved policy implementation is rated Moderately Satisfactory. The indicators could only help assess some of the dimensions of this objective, but additional evidence indicates that there may have been wider improvement of institutions and systems.

- iv. **On balance, IEG rates the WBG performance as Good.** The overall objective was appropriate and directly reflected the twin goals, and well supported by the individual CPF objectives and the lending and ASA activities. The program activities were well aligned with the government's preferences, as well as with the development priorities identified in the SCD, and addressed important issues. The objectives and indicators in the results framework could, however, have been more focused on outcomes rather than on outputs and institutional objectives. Program risks, such as those related to political, governance, and macroeconomic factors, were well identified, both in the CPF and later in the PLR, and mitigating measures (such as country-based staff and close institutional support) were operationally logical. The program was implemented substantially as planned in the CPF and as updated in the PLR, with exceptions coming primarily from program adjustments in relevant response to the COVID-19 pandemic. The Bank also had to drop a planned DPF operation because of macroeconomic uncertainties. Internal collaboration between the Bank and IFC was close and appropriate, and the Bank also cooperated closely with other development partners. The strong knowledge program was well integrated into the overall work program. This CLRR shows a significant difference between country program ratings (low) and aggregate validated project ratings (high).
- v. **While the program and aggregate project ratings cover different (but partly overlapping) periods, this disconnect does indicate a weak link between project outcomes and achievement of CPF objectives.** Explaining factors include an inadequate results framework, at times slow government implementation processes, and limited WBG ability to translate quickly project results into broader development results on the ground. In addition, as the necessary macro-fiscal improvements were not achieved, a planned PDF operation had to be dropped from the program.
- vi. **IEG concurs with the nine lessons presented in the CLR,** although they are a compilation of general lessons, specific lessons, recommendations, and exhortations. Building, inter alia, on these lessons, IEG emphasizes the following:
- a. It is important to match implementation capacity with project design (including expected timeframes). In the case of Lao, some timeframes turned out to be on the short side due to capacity issues that also became more important due to domestic decentralizations. The need to take a low-capacity environment into account in the design and timetable of projects was also noted in IEG's validations of IFC Project Completion Reports.
 - b. When designing a results framework, it is essential also to plan for the collecting of measurement data. In this case, there was no collecting of data for one indicator.
 - c. A long-term program of support that builds step by step, taking past success and failures and new challenges into account, and is positioned to help bring key agreed recommendations into actual implementation, is appropriate for facilitating beneficial transformation of important sectors in Lao PDR. Already IEG's ICRR for the Bank's project TA for Hydropower and Mining sectors (FY10-21) noted this as a lesson, which the CLR generalizes, noting positive experience also in sectors like health and roads.

- d. If project indicators do not capture all relevant outcomes of a project, there is a risk that positive and solid project results may not be measured, demonstrated, and reported on. This is noted in IEG's assessment of this CLR and was also noted in the above-mentioned ICRR.

II. Strategic Focus

Relevance of the CPF

1. **Country Context.** Until the COVID pandemic, Lao PDR had for a number of years followed a path of rapid economic growth based on exploiting the country's ample natural resources – a growth driven predominantly by large-scale investments in capital intensive sectors like mining and hydropower. GDP growth averaged 7.8 percent over the decade up to about 2015, and the country continued its high economic growth until the onset of the pandemic, but below the historical average – a relative decline caused in part by widespread flooding (2018) and more floods and droughts in various parts of the country (2019). As a result of the pandemic, GDP growth stagnated at 0.4 percent in 2020, and is expected to have rebounded modestly to about 2.2 percent in 2021. Public indebtedness and the associated debt service obligations continued to grow. Already by 2019, public and publicly guaranteed debt to GDP had reached 57.2 percent of GDP and the IMF saw public debt at the time as high, with elevated risk of debt distress. The debt had increased from 51.7 percent of GDP at the end of 2015, when the debt sustainability analysis found the risk of debt distress as moderate, but bordering on high. Lao PDR is rich in natural resources: a hydropower potential of up to 25,000 MW as per the 2017 Systematic Country Diagnosis (SCD), large forest resources although the forest cover has been declining considerably, and substantial mineral resources. The country's GDP growth has been driven by a growing use, and depletion, of these natural resources. The SCD estimated that natural resources-based exports combined (power, mining, and timber) reached US\$3.5 billion in 2014 up from US\$0.9 billion a decade earlier.

2. **The SCD noted that as a result of its rapid growth Lao PDR had become a lower-middle-income country,** with declining poverty and considerable improvements in the access to basic social services. However, income growth had been less impressive due to stagnant productivity in agriculture (where most of the labor force is still concentrated), limited job creation in natural resources, and weak public financial management that has prevented the sharing of benefits from the use of natural resources. The population is still growing rapidly with the slowly declining fertility rate at around 3, one of the highest in the East Asia and Pacific region. The SCD noted that extreme poverty fell from 40 percent in 1992 to 23 percent in 2012/13, but malnutrition continued to be high and the risk of falling into poverty was high for a large part of the population. The UNDP Human Development Index (HDI) for 2020 ranked the country at 137 (out of 189) with a score of 0.613 (and a Gini coefficient of 36.4), up modestly from 0.575 with a rank of 141 in the HDR for 2015.¹

¹ The well-established HDI is composed of life expectancy at birth, expected years of schooling, mean years of schooling, and gross national income (GNI) per capita.

3. **The SCD also noted that the economic growth for Lao PDR has come with a large footprint**, as the rate of depletion of natural resources had been more than double that of countries at a similar level of development, and that the country was vulnerable to natural disasters and was ill-prepared to deal with climate change and future structural transformation. On this basis, the SCD identified three key development pathways for Laos PDR: sustainable and efficient management of natural resources; unlocking the potential in non-resource sectors to create opportunities; and building the assets of people to be able to take on these opportunities and to mitigate risks and protect gains. IEG concurs that these are still the main development challenges for the country.

4. **Country Program.** The government's economic priorities for most of the CPF period were set out in the country's 8th National Socio-Economic Development Plan (2016-2020) (NSEDP), with three key expected outcomes: (i) sustained, inclusive economic growth with reduced economic vulnerability; (ii) developed human resources with upgraded capacities of the public and private sectors and with reduced poverty in all ethnic groups with equal access across genders and ethnic groups to quality education and health services; and (iii) effective protection and use of natural resources and the environment according to green-growth and sustainable principles with readiness to cope with natural disasters and the effects of climate change.

5. **Relevance of Design.** The overall objective – to support Lao PDR to accelerate progress toward the WBG twin goals of ending extreme poverty and boosting shared prosperity – was appropriate. The CPF was closely aligned with the country's main development challenges and with the government's objectives (and drew also substantially on the then recently completed SCD), with its three program focus areas of supporting inclusive growth, investing in people, and protecting the environment, and a cross-cutting theme of strengthening institutions to establish a rules-based environment. However, agriculture – a key element from the SCD – was not included in the CPF (except for a limited indicator under Objective 2), an omission that the CLR cites as a shortcoming because of its importance as a source of employment.² As discussed in the CPF, the program design also took into consideration the likely activities of other main development partners, and it was appropriately more narrow than the previous country program.³ The February 2020 Performance and Learning Review (PLR) maintained the focus areas and the cross-cutting theme, called for more attention to the macro-fiscal framework, and made some adjustments to the results framework. The CLR notes that subsequently to the PLR, the Bank responded quickly to the pandemic with a US\$18 million COVID-19 Emergency Response Project (approved in April 2020) to provide emergency support to the health system.

² The CLR also comments that the absence of gender in the overall structure of the program, following the priorities set in the 8th NSEDP, was a missed opportunity. However, it might well have been difficult to develop other such indicators under the objectives in the program, beyond the use of two gender-based indicators for education in Objective 5, and Objective 6 on maternal and health child services.

³ The IEG CLRR for the FY12-16 CPS had noted that that program “was probably too broad, which may have been at the cost of in-depth impact.”

As variants spread, the Bank reallocated funds and provided additional financing (US\$10 million) to increase the availability and deployment of vaccines. To help address the broader impact on the economy and public services, the Bank also provided a US\$40 million credit line to micro, small and medium enterprises (MSMEs) and additional financing (US\$6.5 million) to the existing Trade and Competitiveness operation.

Results Framework

6. **The results framework was generally reasonable**, with indicators that were measurable and with baselines and targets. However, in some cases indicators only reflected parts of the objectives, as for Objective 1 (Putting public finance on a sustainable path and supporting financial sector stability) where both indicators concern controls and none address sustainability of public finances. In addition, the results framework could have been more focused on outcomes rather than on outputs and institutional objectives. There was also a case where indicator data seem not to have been collected: under Objective 4 where the indicator concerning stunting was not monitored by Bank projects. Finally, in several cases the indicators were related to project activities in a number of provinces, but without any indications of measures or plans to broaden the scope to cover the whole country.

Alignment

7. **The WBG program sought to address key development issues for Lao PDR.** All of the objectives in the results framework were related to reduction of poverty or inequality. This was in some cases indirectly, such as for sustainable public finance or for making it easier to do business in the country. Other objectives sought to address poverty directly, including regarding access to safe water, access to all-weather roads, reduced malnutrition, improved sanitation, access to preschool and primary education, and access to quality maternal and health care services – improvements in all these areas will benefit largely the poorer elements of society. Regarding other corporate priorities, the program also sought to address gender issues and disaster risk management and resilience, including from risks enhanced by climate change. In this regard, for gender the CLR informs that during the CPF period 15 IPF projects were gender tagged (applying a “rigorous standard for monitoring and rating gender analysis, actions to address gaps, and gender impacts”) and that overall CPF gender support was substantial. Two objectives (Objectives 7 and 8) dealt with the environment and disaster and climate risk resilience.

III. CPF Description and Performance Data

Advisory Services and Analytics

8. **ASAs provided important support to the Bank’s program.** During the CPF period the Bank delivered 41 ASAs across a broad range of topics, including through trust fund financing. Two main ASA products during the CPF period were delivered late in the period: Lao PDR Country Economic Memorandum (CEM) (2021) and the Poverty Assessment (2020). The CPF also made a number of references to expected ASA work going forward, in connection with the sectoral programs, but there was no overall discussion of the expected role of the ASA activities. The PLR noted that ASAs had been critical to achieving CPF outcomes and informing policy

making, and gave several examples including that the ASA Lao PDR's Green Growth Potential (P162394) supported policy change in the environment sector. The CLR also noted that ASAs played an important role in furthering dialogue with the government and filling existing knowledge gaps. but the focus on this discussion is on general support and help in underscoring broad messages rather than on identifying specific issues resolved through the use of ASAs. Thus both of the two above-mentioned ASA products confirm and build on the SCD, while being able to bring some aspects further – as in the discussion in the Poverty Assessment of the changing geography of poverty⁴ and of the per capita consumption growth continuing to be significantly lower than GDP growth, which, combined with rising inequality, contributed to a slower pace of poverty reduction relative to growth.

9. **During the CPF period, IFC approved three Advisory Services (AS) projects amounting to US\$3.0 million to improve corporate governance standards and practices, develop a PPP framework for a transmission project that would enable electricity export to Vietnam, and enhance the private investment policy framework including streamlining business regulations.** The clients were mainly government ministries and agencies. In addition, five previously approved AS projects for US\$12.0 million were active during the CPF period. Four of these projects supported further development of secured lending using moveable assets, development of the payments system, and the establishment of best practice environment and social standards by private investments in the hydropower and forestry sectors. An AS project that aimed to develop the PPP framework for a roads project was terminated due to a change in government plans. The clients of the AS projects comprised both government institutions and the private sector. Overall, the AS program was relevant to IFC's strategic priorities in the country: (i) to address environmental and social issues in developing natural resource endowments (Lao Hydro Environment, Social, and Governance and Lao Forestry); (ii) to ensure inclusive growth including supporting MSMEs (Lao Secured Transaction Reform Phase 2); and (iii) to support the country's transition to a market-based economy (Lao Investment Climate). The program also supported Objectives 2, 3, and 7 of the results framework.

10. **During the CPF period, IEG validated four AS Project Completion Reports (PCRs) and rated one Mostly Successful, another Mostly Unsuccessful, and two Unsuccessful.** There were several salient lessons. First, the low-capacity environment in the country will have to be taken into account in the design and timetable of projects such as in the case of the Lao Tax Simplification project which required a longer time frame and greater handholding. Second, political will is critical and will have to be assessed prior to selection of projects such as in the case of the Lao Simplification project which did not get priority attention from the government. Third, up-front analytics and stakeholder consultations are recommended to enable more focused projects with greater selectivity of activities included such as in the case of the Lao Licensing Reform project. Finally, in one project, poor coordination and collaboration between WB and IFC contributed to the Lao Roads PPP project being dropped.

⁴ The rural-urban gap and disparities across provinces had narrowed due to a faster decline in poverty in lagging areas and stagnation in more well-off regions.

Lending and Investments

11. **The Bank's lending during the CPF period started slowly.** At the beginning of the CPF period the outstanding lending volume was US\$409.1 million for 24 IDA projects, including four additional financings (AFs), across a range of sectors, but with 31 percent (US\$125.8) for hydropower and mining. During the CPF period, the Bank approved a total of US\$608.1 million for 24 IDA projects including seven AFs. The PLR had stated the case for consolidating the portfolio – the many AFs may contribute in that regard by helping to concentrate the lending portfolio. The lending started slowly in FY17 (two projects) and reached an annual maximum in FY20 with eight projects, including two COVID-19 projects and a related Emergency and Recovery project for a total of US\$68 million. The bulk of the lending was through investment projects. There were no PforRs and just two policy-based operations (one series of two Green Growth operations for a total of US\$78.6 million). Among the eight projects that were planned in the CPF but dropped was the planned Lao PDR Third Green Growth Development Policy Operation, which was dropped due to growing macro-economic uncertainties and concerns.

12. **The Bank's program was supported by 23 trust funds active during the period** for a total of US\$147.8 million. The COVID-19 response was supported by two trust funds (total amount of US\$5 million). Otherwise, seven trust funds were associated with environment and disaster risk management, and five for the social sectors (education, health and nutrition). Most of the trust funded activities were in support of CPF objectives – both lending operations and ASAs.

13. **Most IEG-validated projects show positive ratings.** During the review period, nine projects were closed and validated by IEG, of which five were rated Satisfactory, three Moderately Satisfactory, and one Moderately Unsatisfactory. The average outcome rating (Moderately Satisfactory or higher) for Lao PDR by number of projects was 88.9 percent, compared to 89.6 percent for the East Asia and Pacific region and 81.2 percent for the Bank's world-wide portfolio.⁵ Only one completed and validated project was rated for risk to development outcome – that risk was rated Moderate.⁶ During the CPF period, on average one project (five percent of the portfolio by numbers and six percent weighted by amount) was rated at risk. This compares very well to the portfolio for the East Asia and Pacific region (19 percent by numbers or 17 percent by commitments) or to the world-wide portfolio (21 percent and 20 percent, respectively).⁷

⁵ The CLR notes that projects often suffered from slow start-ups and delays in implementation, resulting in extensions in closing dates, but that they showed consistency with their development objectives thereafter.

⁶ IEG has stopped rating for risk to development outcome in the ICRRs.

⁷ As will be shown in the next section, this CLRR will rate the CPF development outcome as Moderately Unsatisfactory. It is not unusual to see such apparent discrepancies between country program and aggregate project ratings as the CLRR rates achievement of CPF objectives which WB projects have varying roles in supporting, and some of the ICRRs may rate projects from the previous CPS/CPF.

14. **IFC made net commitments of US\$15.4 million in three investment projects during the CPF period**, compared to US\$43.0 million in seven projects during the previous CPF period – the decline in commitment amount was due in part to weaknesses in the business environment together with difficulties in the macroeconomic environment. None of the investments approved in the prior CPF period were active in the current period, as they were closed during the period FY12-16. Two of the projects in the current period were investments in banks and focused on support to small and medium enterprises (SMEs), including women-managed SMEs (WSMEs), which supported Objective 2, while the third project was in the construction and real estate sector. The investment in one of the banks was a credit guarantee to help the bank mobilize long-term local currency borrowing with a blended finance component (with first loss portion to be absorbed by a trust fund). The IFC banking investments complemented the 2014 WB SME Access to Finance Project which aimed to address the reluctance of banks to lend to SMEs and where IFC supervised one of the project components. The investments in the banking sector focused on SMEs and women owned SMEs and were relevant to the inclusive growth priority of IFC’s strategy in the country. IFC did not have any outstanding short-term finance exposure during the period.

15. **During the CPF period, IEG validated one XPSR and rated the project Mostly Successful.** IEG found the project to have positive demonstration effects in mobilizing offshore local currency financial intermediation to local banks as well as exhibiting strong profitability in an underserved market (MSMEs, WSMEs, and agriculture). The transaction supported by the project was replicated, indicating a possible scaling up of this source of MSME financing.

16. **MIGA had one active project during the CPF period, the Nam Theun 2 Power Company Ltd, approved in FY05.** MIGA had provided US\$91 million in political risk insurance for the hydropower project in Lao PDR and Thailand. The total project cost was US\$1.2 billion, one of the largest in Lao PDR, and involved the construction of a power plant to use water from the Nam Theun River. The MIGA guarantee complemented the World Bank Nam Theun 2 Hydroelectric Project, which included a partial risk guarantee and an environment and social component. One of the findings of the 2020 IEG Project Performance Assessment Report on the WB and MIGA Nam Theun 2 projects was that Bank Group participation and use of guarantees can help mitigate risks and enhance mobilization of private sector investments in a large-scale project with limited government capacity.

IV. Development Outcome

A. Overall Assessment and Rating

17. **IEG rates the CPS development outcome as Moderately Unsatisfactory**, and notes that some indicators and objectives stopped short of assessing outcomes. Of the nine objectives, one was rated Achieved, two Mostly Achieved, and six Partially Achieved.

- a. Focus Area I (Supporting inclusive growth) is rated Moderately Unsatisfactory. Objective 1, Putting public finance on a sustainable path and supporting financial sector stability, was rated Partially Achieved. The indicator for financial sector

- stability (public reporting and compliance with the capital adequacy ratio [CAR]) was achieved; however, given data unavailability it is not possible to validate whether the CAR actually improved over the period. Public debt has increased substantially over the CPF period and risk of debt distress remains high. Objective 2, Making it easier to do business, was Partially Achieved with limited evidence of progress. Objective 3, Investing in infrastructure for growth and inclusion, was Achieved. There was good progress on share of population with access to an all-weather road, reduced time to access safe water sources in targeted areas, and provision of poverty reduction grants in targeted districts.
- b. Focus Area II (Investing in people) is rated Moderately Satisfactory. Objective 4 (Reducing prevalence of malnutrition) was Partially Achieved; evidence on the prevalence of malnutrition, including stunting rates, was not monitored. Objective 5 (Improving quality primary and pre-primary education and keeping girls in school) was Mostly Achieved. There was good progress on the percentage of preschool aged children attending pre-school programs in target areas and some progress on reducing the primary education dropout rate and improving a measure of literacy. Objective 6 (Improving access to and quality of maternal and child health services) was Partially Achieved. There was good progress on access, as measured by the number of pregnant women who received antenatal care and who delivered with a skilled birth attendant. However, there was no evidence on the quality of services.
 - c. Focus Area III (Protecting the environment) is rated Unsatisfactory with both objectives (Promoting protection of the environment and responsible management of natural resources, and Enhancing disaster risk management and climate and disaster resilience) only Partially Achieved. Some steps have been taken to improve environmental impacts, but outcomes have not yet been achieved. There was only partial progress on some limited measures of disaster risk management and climate and disaster resilience.
 - d. Finally, the cross-cutting theme (Strengthening institutions and systems for improved policy implementation) is rated Moderately Satisfactory.⁸ The indicators could only help assess some of the dimensions of this objective, but additional evidence indicates that there may have been wider improvement of institutions and systems than could be captured by the selected indicators.

⁸ This theme was its own objective.

Objectives	CLR Rating	CLRR (IEG Rating)
Focus Area I: Supporting inclusive growth	[Not rated in CLR]	Moderately Unsatisfactory
Objective 1: Putting public finance on a sustainable path and supporting financial sector stability	<i>Not Achieved</i>	<i>Partially Achieved</i>
Objective 2: Making it easier to do business	<i>Partially Achieved</i>	<i>Partially Achieved</i>
Objective 3: Investing in infrastructure for growth and inclusion	<i>Achieved</i>	<i>Achieved</i>
Focus Area II: Investing in people	[Not rated in CLR]	Moderately Satisfactory
Objective 4: Reducing prevalence of malnutrition	<i>Partially Achieved</i>	<i>Partially Achieved</i>
Objective 5: Improving quality primary and pre-primary education and keeping girls in school	<i>Mostly Achieved</i>	<i>Mostly Achieved</i>
Objective 6: Improving access to and quality of maternal and child health services	<i>Mostly Achieved</i>	<i>Partially Achieved</i>
Focus Area III: Protecting the environment	[Not rated in CLR]	Unsatisfactory
Objective 7: Promoting protection of the environment and responsible management of natural resources	<i>Mostly Achieved</i>	<i>Partially Achieved</i>
Objective 8: Enhancing disaster risk management and climate and disaster resilience	<i>Partially Achieved</i>	<i>Partially Achieved</i>
Cross-cutting Theme	[Not rated in CLR]	Moderately Satisfactory
Strengthening institutions and systems for improved policy implementation	<i>Mostly Achieved</i>	<i>Mostly Achieved</i>

B. Assessment by Focus Area and Objective

Focus Area I: Supporting Inclusive Growth. This focus area comprised the following three objectives:

18. **Objective 1: Putting public finances on a sustainable path and supporting financial sector stability.** This objective was supported a series of ASAs including Programmatic Public Finance Management Reform Program (FY23), Expenditure Analysis (FY18), Public Expenditure Analysis (FY19), Public Finance Management Modernization (FY19), Public Expenditure Analysis and Dialogue (FY19), Programmatic Debt Management Engagement (FY21), Financial Sector Development Analytical Program (FY19), and Financial Sector Development Program (FY21). Specific technical assistance (TA) activities supporting this objective included preparation of an action plan for PFM (public financial management) reform, support for the preparation of a PFM Action Plan Step II, implementation instructions for the

Income Tax law and VAT Law, and TA for the introduction of annual budget ceilings and medium-term budget plans.

19. The assessment of performance on each of the indicators under this objective is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
1. Number of risk-based tax audits carried out	0 (2016)	10 (2021)	The Tax Department had conducted audits of 5 large taxpayers using risk-based approach by October 2021	Partially Achieved
2. Public reporting, and compliance with regulations of the Capital Adequacy Ratio (CAR)	CAR not reported (2016)	>Regulatory minimum (CAR of 8% at time of PLR)	The CAR reached 13.26% by quarter one of 2021	Achieved

Additional Evidence:

- Total PPG (public and public guaranteed debt) (mostly external) increased during the CPF period and the risk of external debt distress remains high: This debt was about 54.2 percent in 2016 but reached 72 percent in 2020.
- A supplementary indicator showed that domestic and external government debt is now recorded in an upgraded Debt Management and Financial Analysis System (DMFAS), but that on-lending and guaranteed debt is not yet recorded. Two revised laws for the Bank of Lao PDR and commercial banks, as well as regulations for dormant accounts and loan classification and provisioning, have been passed.

20. *Partially Achieved.* The objective consisted of two disparate parts – for public finance and financial sector, respectively. The indicators could at best reflect only partially their respective parts of the stated objective. One indicator was Achieved and one Partially Achieved, but the objective is rated Partially Achieved due to the continued weakening of public finance as demonstrated by the increase in PPG. The CLR notes that the ambition of this objective exceeded the influence of the WBG instruments, so that the interventions were only able to mitigate negative trends rather than deliver positive outcomes. Further, it is not possible to validate whether the CAR actually improved over the period, although the target was achieved.

21. **Objective 2: Making it easier to do business.** The objective was among others supported by (lending) SME Access to Finance Project (FY21), Trade Development Policy Project (FY13) and its AF (FY17), Competitiveness and Trade Project (FY19) and its AF (FY21), and Agriculture Competitiveness Project (FY18); by ASAs including Trade and Competitiveness Analytical Program (FY19) and Business Climate TA (FY20), by IFC projects including BFL SME loan (FY17); and by several IFC ASs.

22. The assessment of performance on each of the indicators under this objective is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
1. Ranking in Doing Business “Getting Credit” score.	55 distance to frontier (DB 2017)	More than 60 distance to frontier (DB 2021)	60 distance to frontier (DB 2020)	Mostly Achieved
2. Mean number of days to clear imports (Enterprise Survey)	2.85 (average of 2012 and 2016)	Not go beyond 2.5 days (2021)	71 hours or 2.96 days (DB2020)	Not Achieved
3. Change in value of agricultural production per hectare of agricultural land in the Project areas	US\$715/ha	US\$820/ha	Not Verified	Not Verified

23. *Partially Achieved.* One indicator was Mostly Achieved, one Not Achieved and one Not Verified. However, the two Doing Business indicators can only give a partial story of the ease of doing business in the country, while the third – a measure of agricultural production in a project area – by itself would have said little about business conditions or the ease of doing business in the country. It should be noted that the two DB indicators could only be brought up to 2020 and not to the target year of 2021, but IEG has assessed them as of 2020 with no penalty for lack of 2021 data.

24. **Objective 3: Investing in infrastructure for growth and inclusion.** The objective was supported among others by Lao Road Sector Project (FY17), its AF (FY18), Lao National Road 13 Improvement and Maintenance Project (FY18), the Power Grid Improvement project (FY14), , IFC AS for Energy Transmission (FY20), and the Scaling U9 Water Supply, Sanitation and Hygiene Project (FY19), together with several ASAs. The Bank-supported activities included small hydro resource mapping.

25. The assessment of performance on each of the indicators under this objective is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
1. Share of rural population with access to an all-weather road	53% (2017)	57% (2021)	57% (2021)	Achieved
2. Electricity losses per year in the Power Grid Improvement Project area	22% (2017)	Less than or equal to 14% (2020)	14.3% (October 2020)	Mostly Achieved

3. Reduction in time to access safe water sources in targeted areas	0% (2016)	Reduced by 80% (2021)	Reduced by 82% (August 2021)	Achieved
4. Poverty reduction community grant beneficiaries as a share of the rural population in the targeted districts	0% (2016)	50% (2021)	Total share in 43 targeted districts was 58% of the total rural population (June 2021)	Achieved

26. *Achieved.* Three of the indicators were Achieved and one was Mostly Achieved. The four indicators covered well the objective (although the impact on growth of their achievement is likely but not measured here). However, the objective itself is stated more as an output (investment) rather than an outcome (e.g., improving infrastructure and/or public services to support growth and inclusion). It might have been preferable for Indicator 4 also to inform of the utilization of the community grants, but merely achieving such a widespread utilization over a relatively short period is significant progress in itself. Three of the four indicators measured improvements in targeted areas; it would have been preferable for the program to include plans for how these positive results may be expanded to cover the country as a whole.

27. **IEG rates the outcome of WBG support under Focus Area I as Moderately Unsatisfactory based on the discussion above.** IEG also notes that it is difficult from these objectives (and their indicators) to have a clear view as to progress in the country regarding inclusive growth.

Focus Area II: Investing in people. This focus area included the following three objectives:

28. **Objective 4: Reducing prevalence of malnutrition.** This objective was supported by the FY15 Health Governance and Nutrition Development Project (objective: to help increase coverage of reproductive, maternal and child health, and nutrition services in target areas in Lao PDR), and its FY18 AF, and by the FY20 Health and Nutrition Services Access Project (objective: to improve access to quality health and nutrition services in targeted areas of Lao PDR).

29. The assessment of performance on each of the indicators under this objective is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
1. Stunting rates of under 2 years old in targeted areas	42% (2015)	<33% (2021)	Indicator was not monitored by WBG projects	Not Verified
2. Number of villages declared open defecation free in targeted districts	0 (2015)	200 (2021)	514 villages declared open defecation free (May 2021)	Achieved

Additional Evidence:

- Surprisingly, Indicator 1 was not monitored by any Bank projects – the reasons for this omission are not explained in the CLR. However, the Health Governance and Nutrition Development Project recorded the number of children under 2 years old in targeted provinces who have at least 4 growth monitoring and promotion sessions in the year and their growth plotted in 2 specific growth charts. That number reached 37 percent of total population of children under 2 in 14 targeted provinces by May 2021 (baseline not provided). This information records the percentage of children measured, but does not give results regarding actual stunting.

30. *Partially Achieved.* The only indicator directly relevant for the objective (stunting) was not measured. The objective regarding defecation-free villages, while highly desirable, pertains to health rather than malnutrition.

31. **Objective 5: Improving quality primary and pre-primary education and keeping girls in school.** The objective was supported by the Early Childhood Education Project (FY14), Global Partnership for Education III: Learning and Equity Acceleration Project (FY21), Second Global Partnership for Education (FY15), and ASAs Early Childhood Education Impact Evaluation Analysis and Dissemination (FY18), Quality of Education (FY17), and Reading Readiness Program Impact Evaluation Analysis and Dissemination (FY15). The projects addressed pre-primary education as well as primary and teachers’ training. The impact evaluation documented quality improvements also in pre-primary education.

32. The assessment of performance on each of the indicators under this objective is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
1. Percentage of preschool aged children (3-5 years old) attending ECD/ECE/preschool program in target areas	11% (F: 11%) (2015/16)	48% (F: 48) (2021)	65.7% (March 2021) of which 68.8% female	Achieved
2. Primary education dropout rate (disaggregated by gender) (in percent)	4.7 (F: 4.5) (2015-16)	4.0 (F:3.8) (2021)	The dropout rate fell to 4.3% (April 2020). For girls the dropout rate fell to 3.6% (2020-21).	Mostly Achieved
3. Percentage of children who cannot read letters correctly in the Lao alphabet	Would be available December 2019. At that time, 23.7% of children could not read Lao letters correctly.	Estimated 0.2 standard deviation (SD) from the baseline (2020)	The rate dropped to 16.5% in 2020. The SD at baseline was 0.43, and an estimated 0.29 in December 2021, falling short of the target of 0.2.	Mostly Achieved

33. *Mostly Achieved.* One indicator was Achieved and two Mostly Achieved. They covered well the noted objective, although only Indicator 3 pertained to the quality of education. Dropout and attendance rates improved for both boys and girls, but are now better for the latter.

34. **Objective 6: Improving access to and quality of maternal and child health services.** The objective was supported by the Health Governance and Nutrition Development Project (FY15) and its AF (FY18), Health and Nutrition Services Access Project (FY20), and the ASA Health Sector Programmatic (FY21). The PDO (project development objective) for the first of these projects was “to help increase coverage of reproductive, maternal and child health, and nutrition services in target areas in Lao PDR”. The target areas were selected by the government as rural areas most in need of improved health services.

35. The assessment of performance on each of the indicators under this objective is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
1, Number of pregnant women who received the 4 th Antenatal Care contacts ⁹	94,511 (18 provinces) – around 53% of total births (2016)	103,962 women – 10% increase over baseline (2020)	In the 18 target provinces 116,198 women received the 4 th contact– an increase of 23% (2020)	Achieved
2. Number of women who deliver with a skilled birth attendant at home or at a health facility	96,956 (18 provinces) – around 53% of total births (2016)	106,651 – 10% increase over baseline (2020)	In the 18 target provinces, the number of such births was 117,529 – an increase of 21% (2020)	Achieved
3. Number of new women aged 15-49 years adopting long-term family planning methods in targeted provinces	45,746 women (14 provinces (2016)	10% increase over baseline	38,768 women aged 15-49 were reported as of September 2021 as new users of family planning methods – a significant decline from baseline	Not Achieved

⁹Contacts are defined as the number of pregnant women registering for antenatal care before 3 months and complete at least 4 visits (giving iron and folic acid supplements, monitoring blood pressure and urine (for sugar and protein), provide malaria prophylaxis and deworming tablets, weight monitoring and nutrition counseling, sensitization for assisted delivery).

36. *Partially Achieved.* Two indicators were Achieved and one Not Achieved. However, the objective is rated Partially Achieved since there was no evidence on the quality of services, which was half the stated objective.

37. **IEG rates the *outcome* of WBG support under Focus Area II as Moderately Satisfactory,** based on the discussion above.

Focus Area III: Protecting the environment. This focus area included the following two objectives:

38. **Objective 7: Promoting protection of the environment and responsible management of natural resources.** This objective was supported by Second Lao Environment and Social Project (FY14) and its AF (FY15), Lao PDO Green Growth DPO 1 (P159956, FY17); Green Growth DPO 2 (P168839, FY19); Scaling-up Participatory Sustainable Forest Management (FY13) and its AF (FY20), Mekong Integrated Water Resources Management (FY12), Nam Theun 2 Social and Environmental Project (FY05), a number of ASAs, and IFC AS Hydropower Environment and Social Performance Standards. These projects all contributed to various aspects of the objective. Thus, the objective for the Second Environment and Social Project was to strengthen selected environmental protection management systems, specifically for protected areas conservation, enforcement of wildlife laws and environmental assessment management. The Green Growth DPO 1 included a pillar for consolidating green growth principles across the national development strategy, while the Green Growth DPO 2 included the same pillar as well as a pillar to incorporate green growth in selected sectors. The objective of the Mekong project was to improve water resource and fisheries management in selected areas of the Lower Mekong Basin. IFC’s ASs supported private companies and government counterparts in developing business models and strengthening the environmental and social policy framework for the hydropower and the sustainable forest plantation sectors. It also helped the government conclude its first concession agreement for converting degraded forest to sustainable plantations.

39. The assessment of performance on each of the indicators under this objective is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
1. Increased score on Protected Area Management Effectiveness Tracking Tool (METT) for 11 protected areas (number, cumulative)	0 (2016)	10 (2021)	24 (2021)	Achieved

2. At least three river basin plans approved by MONRE ¹⁰	0 (2016)	3 Priority Pollution Watch Sites (2021)	None approved, but 8 draft river management plans were under preparation to be submitted to the government in 2022	Not Achieved
---	----------	---	--	--------------

Additional Evidence:

- The ranking of Laos in the Global Environmental Performance Index has improved in recent years, from 148 in 2016 to 130 in 2020.

40. *Partially Achieved.* One indicator was Achieved and one was Not Achieved, although for the latter a number of plans are under preparation. Once ready they will then have to be submitted to the government and then approved. The two indicators represent useful steps towards actual environmental impact, but in both cases it will require additional steps to achieve such impact.

41. **Objective 8: Enhancing disaster risk management and climate and disaster resilience.** This objective was supported by the Lao Road Sector Project 2 (FY17) and its AF (FY20), Lao National Road 13 Improvement and Maintenance Project (FY18) - the objectives for the first of these projects included to provide immediate and effective response in case of a crisis or emergency, while the objective for the second operation is to improve the road condition, safety and climate resilience on critical sections of National Road 13. Other projects were Lao PDR Southeast Asia Disaster Risk Management Project (FY18) and its AF (FY20), Mekong Integrated Water Resources Management (FY12), and two ASAs: Post Disaster Needs Assessment and Recovery Framework (FY19) and Climate Resilient Economic Corridor Development (FY19). The objective of the Disaster Risk Management Project (FY18) and its AF (FY20) was to reduce the impacts of flooding in Muang Xay and enhance the Government's capacity to provide hydro-meteorological services and disaster response. Main components include Integrated Urban Flood Risk Management, Hydromet Modernization and Early Warning Systems, and Financial Planning for Disaster Resilience.

42. The assessment of performance on each of the indicators under this objective is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
1. Length of road receiving climate resilience	0 km (2016)	687 km (2021)	656.2 km (2021)	Mostly Achieved

¹⁰ MONRE: Ministry of Natural Resources and Environment. River basin plans are important to help ensure sustainable management of the country's river basins (the Mekong river and its tributaries – a vital natural resource) across multiple sector including hydropower.

improvement and maintenance				
2. Accessibility of hydromet data from Lao PDR station network:	Access to improved weather forecasts from 85 hydromet stations is not publicly accessible (2017)	Access to improved weather forecasts from 155 hydromet stations is publicly accessible through an integrated online platform (2021)	25 new or updated hydromet stations produced information for water resource management by May 2021. Weather and water level forecasts are claimed to be available on the Ministry of Natural Resource and Environment (MONRE) website (http://dmh.monre.gov.la/), but the website is currently under maintenance and the information is not accessible.	Partially Achieved
3. Access to immediate financing instruments in response to an eligible natural disaster emergency	No financing instruments available (2016)	Two financing instruments set up (2021)	One instrument (2021): Southeast Asia Disaster Risk Insurance Facility	Partially Achieved

43. *Partially Achieved.* One indicator was Mostly Achieved and two Partially Achieved.

44. **IEG rates the outcome of IEG support under Focus Area III as Unsatisfactory**, based on the discussion above.

45. **Cross-cutting theme: Strengthening institutions and systems for improved policy implementation.** The theme was its own objective. It was supported by the Second Lao Environment and Social Protection Project (FY14) and its AF (FY15) – with the objective to help strengthen selected environmental protection management systems, Technical Assistance for Capacity Development in Hydropower and Mining Sector (FY20) – to increase human capacity and improve the performance of government oversight institutions for the hydropower and mining sectors, Sustainable Energy and Extractives Advisory Program (FY21) – this included TA for improved regulations and management of mining waste disposal and mining closures, Enhancing Public Finance Management through Information and Communication Technology and Skills Project (FY19) – to contribute to the coverage, timeliness and transparency of financial reporting and to enhance public financial management skills (this included support for design of Financial Management Information System (FMIS). and Public Finance Management Reform Project (FY19) – with the objective to support the government to improve the legal framework and institutional capacity for budget preparation and execution, revenue management and public procurement.

46. The assessment of performance on each of the indicators under this objective is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
1. Portion of completed Environmental and Social Impact Assessments (ESIA) for Category 2 mining, energy, and transport investment projects that have been publicly disclosed prior to approval of concession agreements	0% (2017)	50% (2021)	48 (52%) of 92 projects have publicly disclosed their environmental compliance monitoring reports (by January 2022)	Achieved
2. Number of publicly available annual reports on the implementation of policy on sustainable hydropower development	1 (2016)	5 (2021)	Three reports on the Policy on Sustainable Hydropower Development (PSHD) are publicly available.	Mostly Achieved
3. Implementation of the Ministry of Finance's Public Finance Management (PFM) Strategy	No strategy in place (2016)	M&E framework for the PFM Strategy in place and at least two progress reports prepared (2021)	The M&E framework for the PFM strategy was developed in June 2020. By June 2021, the PFM Action Plan was drafted.	Partially Achieved

Additional Evidence:

- The CLR comments that activities supported under the CPF strengthened legal and administrative frameworks, enhanced systems and planning, fostered coordination across government agencies and levels, and promoted monitoring and evaluation, supported by WBG analytical work and financing support to the legal and administrative frameworks. The CLR mentions amended laws for the financial sector, mining, electricity, forests, land, and environmental protection, as well as WB support to the registration and maintenance of vital statistics. The CLR also mentions support for various new sector strategies and action plans, and support for procurement reform including the preparation of a comprehensive public procurement manual and a set of standard bidding documents, a complaints mechanism, framework agreements, and an upgraded website.
- IEG's ICRR for the Bank's project TA for Hydropower and Mining sectors (FY10-21) noted that two of the objectives were to improve the performance of the government oversight institutions in the hydropower and mining sectors, respectively. The ICRR

rated the efficacy for these two objectives as Substantial, but with some shortcomings in view of the lack of strong indicators to capture the broader achievements of the project. The CLR also notes that this project and its current follow-up activities demonstrate the advantage of interventions that support change in a gradual manner over time.

47. *Mostly Achieved.* One indicator was Achieved, one Mostly Achieved, and one Partially Achieved. It is useful to see a cross-cutting theme monitored and assessed with indicators. The focus of these indicators on publicly available reporting can only address one out of several dimensions of the objective of strengthening institutions and systems for improved policy implementation. However, the above additional evidence does indicate that there may have been wider improvement of institutions and systems than could be captured by the selected indicators.

48. **IEG rates the outcome of WBG support under the cross-cutting theme as Moderately Satisfactory** based on the discussion above.

V. WBG Performance

Ownership, Learning, and Adaptation

49. **The Bank's program and its lending portfolio were well aligned with the government's priorities,** and from this perspective the government's ownership of the program was good, also supported by the substantial ASA program. It should however be noted that the Bank found it difficult to achieve its quite modest macro-fiscal objectives. The CLR also rightly points out in its discussion of lessons the need to match Bank targets to implementation capacity, as many of the program weaknesses have been associated with slower than anticipated program implementation, multi-sector interventions have needed to navigate the complexities of collaboration across government agencies and levels, and that building understanding and trust for an engagement in politically sensitive areas takes time. The Bank adjusted its program rapidly to the COVID-19 pandemic, and the PLR also noted that the WBG has been quick to respond to the government's evolving priorities and demands. In this regard, the Bank early in the CPF period shifted its education focus from early primary to pre-primary to avoid overlapping roles of development partners under the Global Partnership for Education.

Risk Identification and Mitigation

50. **The CPF and PLR correctly identified the major ex ante risks to achieving development outcomes.** The CPF rated the overall risk to the program as Substantial, with two individual categories (Political and governance and Macroeconomic) rated High, and one category (Environment and social) rated Substantial. At the time of the PLR (prior to the onset of the pandemic), the ratings overall and for most individual categories were maintained, but were raised for Institutional capacity for implementation and sustainability (from Moderate to Substantial, reflecting the decentralization of implementation and accountability to sector ministries and local authorities where capacity and coordination are more challenging) and for Technical design (from Low to Moderate due to the increasing complexity of programs that

involve several ministries and sectors). The PLR was also realistic in commenting that the macroeconomic risk, already rated High, had further increased in 2019 and that the economic outlook was subject to downside risks due to both internal and external factors. Slower than expected economic growth, difficulties in the mobilization of revenue, and the build-up of public debt had led to an increased macroeconomic risk to the program that needed to be carefully assessed.

51. **Overall, the WBG’s risk analyses and approach to mitigating measures were appropriate.** The WBG mitigating measures throughout the program concentrated on policy dialogue and close implementation support including with a strong local presence. In particular, for macroeconomic risks the CLR explains that the primary concern focused on management of public debt, with a 2019 Joint WB-IMF Debt Sustainability Analysis, following which a number of uncertainties led to the judgment that the macroeconomic framework was not adequate for providing WB budget support. Accordingly, the planned CAT-DDO and third Green Growth DPO did not proceed, which implied significant setbacks in WB support to the objectives in Focus Area 3 of the CPF, as well as in the macroeconomic dialogue.¹¹

WBG Internal Collaboration

52. **There was broad internal WBG collaboration during this CPF period.** Both the PLR and the CLR note that the CPF provided an adequate framework for internal WBG collaboration, described in the CLR as a strong working relationship with mutual links between operations. IFC investments mainly supported Objective 2, focusing on increasing access to finance for micro, small, and medium enterprises. The IFC AS projects complemented the IFC investments under Objective 2 by addressing several constraints, including a poor framework for secured lending using moveable assets and gaps in the payment system. The other IFC AS projects covered Objectives 3 and 7 and supported WB initiatives in infrastructure and environment – all as separate but coordinated work. IFC also managed one of the components of the WB SME Access to Finance project. While the IFC’s banking investments complement that WB project, there was no coordination or collaboration when it came to IFC investments in other sectors. The large and important Nam Theun 2 project had extensive collaboration on environment and social issues between MIGA and WB from well before the CPF period. IFC’s AS projects covered several topics that necessitated some form of coordination/collaboration between IFC and WB. Based on IFC project documents, there was collaboration in the areas of forestry, energy transmission, hydropower, secured transactions, payment system, investment climate, and corporate governance. In addition, the hydropower AS had a WB/IFC joint implementation plan. On the other hand, the roads IPP AS project had poor coordination and collaboration resulting in the project being terminated (per the IEG review of project PCR). Finally, the CLR notes that in a few instances, hesitation of the government to follow

¹¹ The CLR notes that as required for all IDA-eligible countries, the WB subsequently agreed with the government on a set of Performance and Policy Actions (PPAs) under the WB Sustainable Development Finance Policy. These involved the publication of a comprehensive public debt report and adherence to an agreed non-concessional borrowing limit.

approaches in line with IFC recommendations derailed potential partnerships, but that these were managed without disrupting the overall collaborative approach.

Partnerships and Development Partner Coordination

53. **The WBG continued its strong partnerships with other development partners (DPs).** There was at the time of the writing of the CPF already a significant development partner presence in the country, which the government sought to harmonize through the Roundtable Process that it chaired. During the CPF period, the WB program sought to support government programs in conjunction with other development partners. Examples were the Health Governance and Nutrition Development Project (at the time expected to continue until December 2020) implemented with cofinancing from the Asian Development Bank (ADB) and three UN entities, and the road sector financing (approved December 2016 and planned ongoing until December 2020) jointly with Nordic Development Fund, the European Investment Bank, and the EU. The PLR confirmed that coordination with DPs continued to be robust with joint dialogue and cofinancing mechanisms in place. The Bank at the time of the PLR co-chaired sector working groups in infrastructure, the macroeconomy, and natural resources and the environment, while cofinancing benefited investment projects in several sectors. The green growth agenda, trade facilitation, private sector development, debt management, and PFM were supported through trust funds. The Bank was a catalyst in convening DPs for post-disaster response and, in partnership with the European Union (EU) and the United Nations Development Programme (UNDP), co-authored the Post-Disaster Needs Assessment for the 2018 flood. The CLR confirms that coordination with DPs has continued to contribute significantly towards the CPF development objectives.

Safeguards and Fiduciary Issues

54. **In spite of initial implementation difficulties, the portfolio achieved satisfactory compliance with all applicable environmental and social safeguard policies during the CPS, with adequate risk management.** IEG validated nine projects during the CPS period in the trade and competitiveness, social development, environment and natural resources, energy and extractive, macroeconomics, trade, investment, and transport sectors. The ICRRs report that implementation delays, weak local capacity, and poor documentation management were the recurring challenges in operations, but that all issues were resolved by projects' closure. No Inspection Panel cases were registered during the CPS period. During the period FY15 to FY20, INT reviewed ten complaints with significant allegations related to Lao PDR. A total of three investigations were launched, and two were closed as substantiated. There was one other case that was active prior to the above-mentioned period; INT substantiated the allegations in that case. The substantiated cases were in the Macro, Trade & Investment (MTI) sector, Transport sector, and Agriculture sector. All the cases had elements of fraud, corruption, and collusion.

Overall Assessment and Rating

55. **On balance, IEG rates the WBG performance as Good.**

Design

56. **The overall objective – to support Lao PDR to accelerate progress toward the WBG twin goals of ending extreme poverty and boosting shared prosperity – was appropriate and reflected directly the twin goals.** The CPS objectives and the lending and ASA activities **all helped underpin the overall objective.** The program activities were well aligned with the government’s preferences, as well as with the development priorities identified in the then very recent SCD, and addressed important issues, as has been discussed earlier in this CLRR. The objectives of the results framework could however have been more focused on outcomes rather than on outputs and institutional objectives. Program risks such as political and governance, and macroeconomic, were well identified, both in the CPF and later in the PLR, and mitigating measures (such as country-based staff and close institutional support) were operationally logical. Some prior lessons were well reflected in the program, including a somewhat narrower operational range of activities.

Implementation

57. **The program was implemented substantially as planned in the CPF and as updated in the PLR,** with exceptions coming primarily from program adjustments in relevant response to the COVID-19 pandemic. The Bank also had to drop a planned DPF operation because of macroeconomic uncertainties. There was extensive internal collaboration between the Bank and IFC, and the Bank also cooperated closely with other development partners, including through co-financing. The strong knowledge program was well integrated into the overall work program.

VI. Assessment of CLR

58. **The CLR is well organized, clear and comprehensive,** but some very long and dense paragraphs detract from its readability. It discusses well the general importance of the knowledge program for the results framework, but some more specificity would be useful as to concrete measures or reforms impacted by specific ASAs, if any such concrete results took place. Finally, a few comments on the lessons are discussed below.

VII. Lessons

59. **IEG concurs with the nine lessons presented in the CLR,** although they are a compilation of general lessons, specific lessons, recommendations, and exhortations. Building, inter alia, on these lessons, IEG emphasizes the following:

- It is important to match implementation capacity with project design (including expected timeframes). In the case of Lao, some timeframes turned out to be on the short side due to capacity issues that also became more important due to domestic decentralizations. The need to take a low-capacity environment into account in the design and timetable of projects was also noted in IEG’s validations of IFC PCRs.
- When designing a results framework, it is essential also to plan for the collecting of measurement data. In this case, there was no collecting of data for one indicator.

- A long-term program of support that builds step by step, taking past success and failures and new challenges into account, and is positioned to help bring key agreed recommendations into actual implementation, is appropriate for facilitating beneficial transformation of important sectors in Lao PDR. Already IEG's ICRR for the Bank's project TA for Hydropower and Mining sectors (FY10-21) noted this as a lesson, which the CLR generalizes, noting positive experience also in sectors like health and roads.
- If project indicators do not capture all relevant outcomes of a project, there is a risk that positive and solid project results may not be measured, demonstrated, and reported on. This is noted in IEG's assessment of this CLR and was also noted in the above-mentioned ICRR.

Annexes

Annex 1: Summary of Achievements of CPS Objectives – Lao PDR

Annex 2: Comments on Lending Portfolio

Annex 3: Comments on ASA Portfolio

Annex 4: Comments on Trust Fund Portfolio

Annex 5: IEG Project Ratings

Annex 6: Portfolio Status for Lao PDR and Comparators, FY17-21

Annex 7: Comments on IFC Investments in Lao PDR

Annex 8: Comments on IFC Advisory Services in Lao PDR

Annex 9: Comments on MIGA Guarantees

Annex 10: Economic and Social Indicators for Lao PDR, FY 17-20

Annex 1: Summary of Achievements of CPS Objectives – Lao PDR

CPF FY17-FY21: Focus Area I: Supporting inclusive growth	Actual Results	IEG Comments
CPS Objective 1: Putting public finances on a sustainable path and supporting financial sector stability		
<p>Indicator 1: Number of risk-based tax audits carried out.</p> <p>Baseline: 0 (2016) Target: 10 (2021)</p>	<p>According to the progress review report of P167660, the Tax Department has conducted audit of 5 large taxpayers using risk-based approach by October 2021.</p> <p>Partially Achieved</p>	<p>This indicator was supported by Non-Lending Technical Assistance (TA) Programmatic Public Finance Management Reform Program (P167660, FY23); Macroeconomic Monitor (P148008, FY18); Lao Economic Monitor (P158830/P164978, FY17); Lao PDR Expenditure Analysis (P158831, FY18; Public Expenditure Analysis and Dialogue (P168766, FY19); Public Finance Management Modernization (P158658, FY19)</p>
<p>Indicator 2: Public reporting, and compliance with regulations of the Capital Adequacy Ratio (CAR).</p> <p>Baseline: CAR not reported (2016)</p> <p>Target: > Regulatory minimum (currently CAR of 8%)</p>	<p>According to Bank of Lao PDR Financial Soundness Indicators report, the Capital Adequacy Ratio (CAR) reached 13.26% by quarter one of 2021.</p> <p>Achieved</p>	<p>This indicator was supported by Financial Sector Safety Net Strengthening (P169194, FY20); Non-Lending TA: Financial Sector Development Analytical Program (P160715, FY19); Programmatic Macroeconomic Monitoring (P168469, FY20); Lao PDR Programmatic Debt Management Engagement (P169759, FY21); Lao Financial Sector Development Program (P171539, FY21); Lao PDR Payment Systems (FIRST) (P168897, FY20); Risk Based AML/CFT Supervision (P169215, FY21); Country Economic Memorandum (P172222, FY21); and Programmatic Public Finance Management Reform (P167660, FY23)</p> <p>Target year not specified.</p>
CPS Objective 2: Making it easier to do business		
<p>Indicator 1: Ranking in Doing Business “Getting Credit” score:</p> <p>Baseline: 55 distance to frontier (Doing Business 2017)</p> <p>Target: More than 60 distance to frontier (Doing Business 2021)</p>	<p>According to The Doing Business Report 2020 for Lao PDR, the score for “Getting Credit” was 60 (distance from frontier), slightly short from target.</p> <p>Mostly Achieved</p>	<p>This indicator was supported by: SME Access to Finance Project (P131201, FY21); IFC AS Lao Secured Transactions Phase 2 (#600525, FY20); IFC AS Lao Payment Systems (#579207, FY19); IFC Investment projects: ABL Lao Kip Loan (#631193, FY21); BFL SME Loan (#38024, FY17)</p> <p><u>Non-Lending TA:</u> Trade and Competitiveness Analytical Program (P146216, FY19); Financial Sector Development Analytical Program (P160715, FY19); Lao PDR</p>

CPF FY17-FY21: Focus Area I: Supporting inclusive growth	Actual Results	IEG Comments
		Business Climate TA (P168814, FY20); and Lao PDR Financial Sector Development ASA Program (P171539, FY22);
<p>Indicator 2: Mean number of days to clear imports (Enterprise Survey) (SDG 8.a: Aid for Trade commitments).</p> <p>Baseline: 2.85 (average of 2012 and 2016) Target: not go beyond 2.5 days (2021)</p>	<p>Per IEG ICRR: MS of P130512, the mean number of days to obtain import licenses declined from 20.7 in 2013 to 8 days by January 2019. According to the latest data, the Trade Across Border indicator under the Doing Business Report 2020 for Lao PDR shows that “time to improve border and documentary compliance” was 71 hours, or 2.9 days in 2020.</p> <p>Not Achieved</p>	<p>This indicator was supported by Trade Development Policy (P130512, FY13); Trade Development Policy Project – AF (P159060, FY 17); Competitiveness and Trade Project (P164813, FY19); Competitiveness and Trade Project – AF (P176856, FY21).</p> <p>Note: The baseline data for the average days to clear import between 2012 and 2016 provided in the PLR (i.e. average 2.85 days) was inconsistent with the data shown on the Enterprise Survey 2020 report (i.e. 2.65 days).</p>
<p>Indicator 3: Change in value of agricultural production per hectare of agricultural land in the Project areas (SDG 2.3)</p> <p>Baseline: US\$715/ha Target: US\$820/ha</p>	<p>According to June 13, 2021 ISR: S of P161473, there are no observable results on the increase in sales of farm produce among targeted farmers supported by the project.</p> <p>Not Achieved.</p>	<p>This indicator was supported by Agriculture Competitiveness Project (P161473, FY18).</p> <p>Baseline and target year not specified.</p>
CPS Objective 3: Investing in infrastructure for growth and inclusion		
<p>Indicator 1: Share of rural population with access to an all-weather road (SDG 9.1).</p> <p>Baseline: 53% (2017) Target: 57% (2021)</p>	<p>The June 7, 2021 ISR: S of P158504 reports that the share of rural population with access to an all-season road increased from 53% in 2017 to 57% in May 2021.</p> <p>Achieved</p>	<p>This indicator was supported by: Lao Road Sector Project (P102398, FY17); Lao Road Sector Project-AF (P129347, FY18); Lao Road Sector Project 2 (LRSP2) (P158504, FY10); LRSP2-AF (P170951, FY20); Lao National Road 13 Improvement and Maintenance (P163730, FY18); ASA Lao PDR Poverty Monitoring and Analysis Programmatic ASA (P164698, FY21); ASA Poverty Analysis (P156311, FY17); and IFC AS Lao Roads PPP (#600156, FY14)</p>
<p>Indicator 2: Electricity losses per year in the Power Grid Improvement Project area.</p> <p>Baseline: 22% (2017) Target: Less than or equal to 14% (2020)</p>	<p>IEG ICRR: S of P149599 reports that electricity losses were reduced from 24% in 2014 to 14.3% in October 2020.</p> <p>Mostly Achieved</p>	<p>This indicator was supported by the Power Grid Improvement Project (P149599, FY15); Non-Lending TA: Hydropower Resource Mapping: Lao PDR (P163979, FY18); IFC AS Energy Transmission (604513, FY20)</p> <p>Target year was amended from 2021 at PLR stage.</p>
<p>Indicator 3: Reduction in time to access safe water sources in targeted areas (SDG 6.1).</p>	<p>According to September 27, 2021 ISR: S of P157963, the time to access safe water sources in targeted areas was reduced by 82% as of August 2021.</p>	<p>This indicator was supported by Poverty Reduction Fund III (P157963, FY16); Poverty Reduction Fund III-AF (P168620, FY20); Scaling Up Water</p>

CPF FY17-FY21: Focus Area I: Supporting inclusive growth	Actual Results	IEG Comments
Baseline: 0% (2016) Target: 80% (2021)	Achieved	Supply, Sanitation and Hygiene Project (P164901, FY19); and MIGA Guarantee – Nam Theun 2 (P5139)
<p>Indicator 4: Poverty reduction community grant beneficiaries as a share of the rural population in the targeted districts.</p> <p>Baseline: 0% (2016)</p> <p>Target: 50% (2021)</p>	<p>According to the September 27, 2021 ISR: S of P157963, the total share of community grant beneficiaries in 43 targeted district was 889,302, or 58% of the total rural population of 1,539,357, by June 2021.</p> <p>Achieved</p>	<p>This indicator was supported by Poverty Reduction Fund III (P157963, FY16); Poverty Reduction Fund III-AF (P168620, FY20).</p>
CPF FY17-FY21: Focus Area II: Investing in People	Actual Results	IEG Comments
CPS Objective 4: Reducing Prevalence of Malnutrition		
<p>Indicator 1: Stunting rates of under 2 years old in targeted areas (SDG 2.2).</p> <p>Baseline: 42% (2015)</p> <p>Target: <33% (2021)</p>	<p>This indicator was not monitored by World Bank Group projects.</p> <p>Not verified.</p>	<p>This indicator was supported by Health Governance and Nutrition Development Project (P151425, FY15); Health Governance and Nutrition Development Project-AF (P163949, FY18); Health and Nutrition Services Access Project (P166165, FY20)</p>
<p>Indicator 2: Number of villages declared open defecation free in targeted districts.</p> <p>Baseline: 0 (2015)</p> <p>Target: 200 (2021)</p>	<p>According to the September 2, 2021 ISR: MS of P151425, 514 villages have been declared open defecation free as of May 2021.</p> <p>Achieved</p>	<p>This indicator was supported by Health Governance and Nutrition Development Project (P151425, FY15); Health Governance and Nutrition Development Project-AF (P163949, FY18); Health and Nutrition Services Access Project (P166165, FY20)</p>
CPS Objective 5: Improving quality primary and pre-primary education and keeping girls in school		
<p>Indicator 1: Percentage of preschool aged children (3-5 years old) attending ECD / ECE / preschool program in target areas (SDG 4.2.2).</p> <p>Baseline: 11% (F: 11%) (2015/16)</p> <p>Target: 48% (F: 48%) (2021)</p>	<p>The April 13, 2021 ISR: S of P145544 reports that the share of children aged 5 enrolled in ECE programs in all target villages reached 65.7% by March 2021. Of which, 68.8% of the enrolled students were females.</p> <p>Achieved</p>	<p>This indicator was supported by Early Childhood Education Project (P145544, FY14); Global Partnership for Education III: Learning & Equity Acceleration Project (P173407, FY21); Second Global Partnership for Education (P149130, FY15); ASA Early Childhood Education Impact Evaluation Analysis and Dissemination (P167611, FY18);</p>
<p>Indicator 2: Primary education dropout rate (disaggregated by gender) (in percent).</p> <p>Baseline: 4.7 (F:4.5) (2015-16)</p> <p>Target: 4.0 (F:3.8) (2021)</p>	<p>The April 19, 2021 ISR: MS of P141930 reports that the rate of primary education dropout reached 4.3% by April 2020. Based on additional data shared with IEG, the drop out rate for girls decreased from 4.5% in 2015-16 to 3.6% in 2020-21.</p> <p>Mostly Achieved</p>	<p>This indicator was supported by Early Childhood Education Project (P145544, FY14); ASA Quality of Education in Lao PDR (P153341, FY17); Second Global Partnership for Education (P149130, FY15); Global Partnership for Education III: Learning & Equity Acceleration Project (P173407, FY21); ASA Early Childhood Education Impact Evaluation Analysis and Dissemination (P167611, FY18); ASA Reading Readiness Program Impact Evaluation Analysis and Dissemination (P149130, FY15);</p>

CPF FY17-FY21: Focus Area II: Investing in People	Actual Results	IEG Comments
<p>Indicator 3: Percentage of children who cannot read letters correctly in the Lao alphabet.</p> <p>Baseline: will be available December 2019</p> <p>Target: estimated 0.2 standard deviation from the baseline (2020)</p>	<p>The January 4, 2022 ISR: MS of P149130 reports that an impact evaluation, “Lao PDR Reading Readiness Program Endline Report,” conducted under the project found that, at baseline in 2019, 23.7 percent of children could not read Lao letters correctly. This was at standard deviation (SD) 0.43 from the mean. At the end of the intervention, the rate dropped to 16.5 percent in December 2021, which is at 0.29 SD, falling short of the target at 0.2 SD.</p> <p>Mostly Achieved</p>	<p>This indicator was supported by Second Global Partnership for Education (P149130, FY15); Early Childhood Education Project (P145544, FY14); ASA Quality of Education in Lao PDR (P153341, FY17); Global Partnership for Education III: Learning & Equity Acceleration Project (P173407, FY21); ASA Early Childhood Education Impact Evaluation Analysis and Dissemination (P167611, FY18); ASA Reading Readiness Program Impact Evaluation Analysis and Dissemination (P149130, FY15);</p>
<p>CPS Objective 6: Improving access to and quality of maternal and child health services</p>		
<p>Indicator 1: Number of pregnant women who received the 4th Antenatal Care contacts.</p> <p>Baseline: 94,511 (18 provinces, 2016, based on DHIS2) - around 53% of total births.</p> <p>Target: 103,962 women (10% increase over baseline) (2020)</p>	<p>According to September 2, 2021 ISR: MS of P151425, the number of pregnant women who received the 4th Antenatal Care contacts in 18 target provinces reached 116,198 in 2020, a 23% increase from 94,511 in 2016.</p> <p>Achieved</p>	<p>This indicator was supported by Health Governance and Nutrition Development Project (P151425, FY15); Health Governance and Nutrition Development Project-AF (P163949, FY18); Health and Nutrition Services Access Project (P166165, FY20); and ASA Lao PDR Health Sector Programmatic ASA (P164585, FY21)</p>
<p>Indicator 2: Number of women who deliver with a skilled birth attendant at home or at a health facility (SDG 3.1).</p> <p>Baseline: 96,956 (18 provinces, 2016, based on DHIS2) - around 53% of total births</p> <p>Target: 106,651 (10% increase over baseline) (2020)</p>	<p>According to September 2, 2021 ISR: MS of P151425, the number of births attended by a skilled health worker at home or at a health facility in 18 target provinces reached 117,529 in 2020, a 21% increase from 96,956 in 2016.</p> <p>Achieved</p>	<p>This indicator was supported by Health Governance and Nutrition Development Project (P151425, FY15); Health Governance and Nutrition Development Project-AF (P163949, FY18); Health and Nutrition Services Access Project (P166165, FY20); and ASA Lao PDR Health Sector Programmatic ASA (P164585, FY21)</p> <p>The baseline value was amended from 95,528.</p>
<p>Indicator 3: Number of new women aged 15–49 years adopting long term family planning methods in target provinces:</p> <p>Baseline: 45,746 women (14 provinces, 2016, based on HGNDP8 DLIs/ DHIS2)</p> <p>Target: 10% increase over baseline.</p>	<p>The September 2, 2021 ISR: MS of P151425 reports that 38,768 of women aged 15-49 years were new users of family planning methods in 2020, achieving 77% of the target of 50,320.60.</p> <p>Not Achieved</p>	<p>This indicator was supported by Health Governance and Nutrition Development Project (P151425, FY15); Health Governance and Nutrition Development Project-AF (P163949, FY18); Health and Nutrition Services Access Project (P166165, FY20); and ASA Lao PDR Health Sector Programmatic ASA (P164585, FY21)</p> <p>Note: In September 2017, the project revised the indicator to address the issue of inaccuracy of the data.</p>

CPS FY17-FY21: Focus Area III: Protecting the environment	Actual Results	IEG Comments
CPS Objective 7: Promoting protection of the environment and responsible management of natural resources		
Indicator 1: Increased score on Protected Area Management Effectiveness Tracking Tool (METT) for 11 protected areas (number, cumulative).	The July 7, 2021 ISR: MS of P128393 reports that the score of land in 11 protected areas brought under enhanced biodiversity increased from the baseline 0 in 2016 to 24 by May 2021, according to the Protected Area Management Effectiveness Tracking Tool (METT).	This indicator was supported by Second Lao Environment & Social Project (P128393/128392, FY14); Second Lao Environment & Social Project-AF (P152066, FY15); Lao PDO Green Growth DPO 1 (P159956, FY17); Green Growth DPO 2 (P168839, FY19); Scaling-Up Participatory Sustainable Forest Management (P130222, FY13); Scaling-Up Participatory Sustainable Forest Management-AF (P170810, FY20); ASA Exploring Lao PDR's Green Growth Potential (P162394, FY19); ASA Developing Nature-Based Tourism as a Strategic Sector for Green Growth in Lao PDR (P164372, FY19); ASA Lao PDR State of Environment Report (P164374, FY19); ASA Sustainability in Lao PDR Forest (P164376, FY19); ASA Collaborative Leadership support for Second Lao Environment & Social Project (P156347, FY17); ASA Forest Note for the Lao People's Democratic Republic (P168798, FY20); ASA Lao PDR Landscapes Valuation (P169455, FY20); ASA Resilient Green Growth PASA (P171011, FY22); IFC AS Lao Hydro Advisory (#589087, FY20); and IFC AS Lao Forestry Advisory (#594367, FY13); IFC AS Hydropower Environment and Social Performance Standards (#589087, FY13)
Baseline: 0 (2016)	Achieved	
Target: 10 (2021)		
Indicator 2: At least three river basin plans approved by MONRE.	According to May 31, 2021 ISR: MS of P104806, eight draft River Basin Management Plans are under preparation to be submitted to the Government for approval by mid-2021. By December 2021, the drafts are still under preparation to be submitted to the Government by project closing in FY22.	This indicator was supported by Mekong Integrated Water Resources Management (P104806, FY12); Nam Theun 2 Social and Environmental Project (P049290, FY05); MIGA Guarantee – Nam Theun 2 (P5139)
Baseline: 0 (2016)	Not Achieved	
Target: 3 plans (2021)		
CPS Objective 8: Enhancing disaster risk management and climate and disaster resilience		
Indicator 1: Length of road receiving climate resilience improvement and maintenance.	Two projects contributed to this indicator: <ul style="list-style-type: none"> The June 7, 2021 ISR: S of P158504 reports that 652.15 km of roads were improved with climate resilience measures by May 2021. The June 28, 2021 ISR: S of P163730 reports that 4 km of roads on 2 lands with improved with climate resilience measures. 	This indicator was supported by Lao Road Sector Project 2 (LRSP2, P158504, FY17); LRSP2-AF (P170951, FY20); Lao National Road 13 Improvement and Maintenance (P163730, FY18); Lao PDR Southeast Asia Disaster Risk Management Project (P160930, FY18); P170945-AF, FY20); ASA Post Disaster Needs Assessment and Recovery Framework (P169197, FY19); ASA Climate Resilient Economic Corridor Development in Lao PDR PASA (P171699, FY19);
Baseline: 0 km (2016)	Overall, the total length of road with climate resilience improvement and maintenance is 656.15 km.	
Target: 687 km (2021)		

CPS FY17-FY21: Focus Area III: Protecting the environment	Actual Results	IEG Comments
<p>Indicator 2: Accessibility of hydromet data from Lao PDR station network.</p> <p>Baseline: Access to improved weather forecasts from 85 hydromet stations is not publicly accessible (2017)</p> <p>Target: Access to improved weather forecasts from (155 hydromet stations is publicly accessible through an integrated online platform (2021)</p>	<p>Mostly Achieved</p> <p>The May 31, 2021 ISR: MS of P104806 reports that 25 new or updated Department of Meteorology and Hydrology (DMH) hydromet stations produce information for water resource management by April 2021. Weather and water level forecasts are available on the Ministry of Natural Resource and Environment (MONRE) website (http://dmh.monre.gov.la/). The website is currently under-maintenance.</p>	<p>This indicator was supported by the Mekong Integrated Water Resources Management Project (MIWRMP, P104806, FY12); Lao PDR Southeast Asia Disaster Risk Management Project (P160930, FY18; P170945- AF, FY20);</p>
<p>Indicator 3: Access to immediate financing instruments in response to an eligible natural disaster emergency.</p> <p>Baseline: No financing instruments available (2016)</p> <p>Target: Two financing instruments set up (2021)</p>	<p>Partially Achieved</p> <p>According to June 28, 2021 ISR: MS of P160930, Lao PDR has access to immediate financing through the Southeast Asia Disaster Risk Insurance Facility (SEADRIF). An amount of US\$ 5 million was successfully transferred in March 2021 and available to provide payouts in the event of natural disasters.</p> <p>Partially Achieved</p>	<p>This indicator was supported by Lao PDR Southeast Asia Disaster Risk Management Project (P160930, FY18; P170945- AF, FY20); Mekong Integrated Water Resources Management Project (MIWRMP, P104806, FY12);</p>

CPS FY17-FY21: Cross-cutting Theme: Strengthening institutions and systems for improved policy implementation	Actual Results	IEG Comments
<p>Indicator 1: Portion of completed Environmental and Social Impact Assessments (ESIA) for Category 2 mining, energy, and transport investment projects that have been publicly disclosed prior to approval of concession agreements</p> <p>Baseline: 0% (2017)</p> <p>Target: 50% (2021)</p>	<p>According to January 2022 ISR: MS of P128393, 48 (52%) of 92 projects have publicly disclosed their environmental compliance monitoring report by November 2021. Below is the breakdown by sector:</p> <ul style="list-style-type: none"> • <u>Mining</u>: 42 environmental compliance monitoring reports from 21 projects have been disclosed. • <u>Hydropower</u>: 38 environmental compliance monitoring reports from 26 projects have been disclosed. • <u>Road/Transport</u>: 1 environmental compliance monitoring report have been disclosed. 	<p>This indicator was supported by Second Lao Environment and Social Project (P128393, /128392, FY14); Second Lao Environment & Social Project-AF (P152066, FY15);</p>

CPS FY17-FY21: Cross-cutting Theme: Strengthening institutions and systems for improved policy implementation	Actual Results	IEG Comments
	<p>These have been uploaded to MONRE relevant department's website: www.dpcm.monre.gov.la/. MONRE has also made extra effort to disclose the EIAs of investment projects for public comments on www.dnep.monre.gov.la.</p> <p>Achieved</p>	
<p>Indicator 2: Number of publicly available annual reports on the implementation of policy on sustainable hydropower development.</p> <p>Baseline: 1 (2016)</p> <p>Target: 5 (2021)</p>	<p>IEG ICRR: S of P109736 highlighted that the Policy on Sustainable Hydropower Development (PSHD) new criteria was approved by the Ministry of Energy and Mines (MEM) in December 2018. In addition to the completed PSHD status report for 2016, two PSHD status reports for 2017 and 2018 are completed and publicly available at the Information Center under the Cabinet Office of MEM and MEM official website: https://www.mem.gov.la.</p> <p>Partially Achieved.</p>	<p>This indicator was supported by the Technical Assistance for Capacity Development in Hydropower and Mining Sector (P109736, FY20); Lao PDR Sustainable Energy and Extractives Advisory Program (P171029, FY21)</p>
<p>Indicator 3: Implementation of the Ministry of Finance's Public Finance Management Strategy.</p> <p>Baseline: No strategy in place (2016)</p> <p>Target: M&E framework for the PFM Strategy in place and at least two progress reports prepared (2021)</p>	<p>According to the June 29, 2021 ISR: MS of P167661, the M&E framework for the PFM strategy was developed in June 2020. By June 2021, the PFM Action Plan was drafted.</p> <p>Partially Achieved</p>	<p>This indicator was supported by Enhancing Public Finance Management through Information and Communication Technology and Skills (E-FITS) Project (P167534, FY19); Public Finance Management Reform Project (P167661, FY19).</p>

Annex 2: Comments on Lending Portfolio

IEG's review found no differences in lending portfolio data vs. what is presented in the CLR.

Annex 3: Comments on ASA Portfolio

IEG's review found no differences in ASA portfolio data vs. what is presented in the CLR.

Annex 4: Comments on Trust Fund Portfolio

IEG's review found the following trust-funded activities that have been included in the CLR but not in the portfolio for Lao

Project ID	Project Name	FY	Lead GP/Global Themes
P159062	Additional Financing to the Second Trade Development Facility Project	2017	MTI

Annex 5: IEG Project Ratings

IEG Project Ratings for the Lao PDR, FY17-21

Exit FY	Proj ID	Project name	Total Evaluated (\$M) *	IEG Outcome	IEG Risk to DO
2017	P101750	Lao PDR Customs and Trade Facilitation	11.5	SATISFACTORY	#
2017	P123480	LA-Poverty Reduction Fund II	35.4	MODERATELY SATISFACTORY	MODERATE
2018	P049290	LA - Nam Theun Social & Environment	20.0	SATISFACTORY	#
2018	P076445	LA-Nam Theun 2 Power Project	10.6	SATISFACTORY	#
2018	P102398	LA-Road Sector Project	48.3	SATISFACTORY	#
2018	P129825	STATISTICS FOR RESULTS PROJECT	0.0	MODERATELY UNSATISFACTORY	#
2019	P130512	Lao PDR Trade Development Facility 2	3.7	MODERATELY SATISFACTORY	#
2021	P109736	LA -TA for Hydropower and Mining sectors	23.8	SATISFACTORY	#
2021	P131201	Lao PDR SME Access to Finance	18.1	MODERATELY SATISFACTORY	#
		Total	171.4		

#: Not Rated

Source: Business Intelligence (BI) as of 10/21/21

IEG Project Ratings for the Lao PDR and Comparators, FY17-21

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower Sat (\$)	RDO % Moderate or Lower Sat (No)
Lao PDR	171.3	9	100.0	88.9	100.0	100.0
EAP	15,952.3	163	96.6	89.6	75.4	66.7
World	96,100.0	964	84.7	81.2	43.2	41.1

Source: Business Intelligence (BI) as of October 21, 2021

Annex 6: Portfolio Status for the Lao PDR and Comparators, FY17-21

Fiscal year	2017	2018	2019	2020	2021	Ave FY17-21
Lao PDR						
# Proj	14	14	18	22	20	18
# Proj At Risk	1	1		1	1	1
% Proj At Risk	7	7	-	5	5	5
Net Comm Amt	374	396	514	693	663	528
Comm At Risk	20	30		51	25	32
% Commit at Risk	5	8		7	4	6
EAP						
# Proj	265	268	273	293	282	276
# Proj At Risk	46	57	51	55	60	54
% Proj At Risk	17	21	19	19	21	19
Net Comm Amt	34,831	35,300	36,225	35,530	37,463	35,870
Comm At Risk	5,316	6,694	5,782	5,798	6,918	6,101
% Commit at Risk	15	19	16	16	19	17
World						
# Proj	1,459	1,496	1,570	1,723	1,763	1,602
# Proj At Risk	344	348	346	311	331	336
% Proj At Risk	24	23	22	18	19	21
Net Comm Amt	212,503	229,956	243,812	262,931	279,168	245,674
Comm At Risk	50,838	48,149	51,950	47,641	42,669	48,249
% Commit at Risk	24	21	21	18	15	20

Source: Business Intelligence (BI) as of October 21, 2021

Note: Only IBRD and IDA Agreement Type are included

Annex 7: Comments on IFC Investments in Lao PDR

IEG's review found no differences in IFC investment data vs. what is presented in the CLR.

Annex 8: Comments on IFC Advisory Services in Lao PDR

IEG's review found no differences in IFC Advisory Services vs. what is presented in the CLR.

Annex 9: Comments on MIGA Guarantees

IEG's review found no differences in MIGA guarantees vs. what is presented in the CLR.

Annex 10: Economic and Social Indicators for Lao PDR, FY 17-20**

Series Name	2017	2018	2019	2020	Lao PDR	EAP	World
					Average 2017-2020		
Growth and Inflation							
GDP growth (annual %)	6.9	6.2	5.5	0.4	4.8	5.0	1.3
GDP per capita growth (annual %)	5.2	4.6	3.9	-1.0	3.2	4.3	0.2
GNI per capita, PPP (current international \$)	6,870.0	7,410.0	7,730.0	7,790.0	7,450.0	14,364.8	16,903.1
GNI per capita, Atlas method (current US\$) (Millions)	2,240.0	2,450.0	2,490.0	2,480.0	2,415.0	7,920.2	11,069.1
Inflation, consumer prices (annual %)	0.8	2.0	3.3	5.1	2.8	2.8	2.2
Composition of GDP (%)							
Agriculture, value added (% of GDP)	16.2	15.7	15.2	16.2	15.8	8.2	3.4
Industry, value added (% of GDP)	30.9	31.5	31.4	32.1	31.5	38.3	25.2
Services, etc., value added (% of GDP)	41.5	41.6	42.3	40.6	41.5	52.9	65.0
Gross fixed capital formation (% of GDP)	..	..	..	..	..	39.3	23.6
Gross domestic savings (% of GDP)	..	..	..	..	..	41.4	25.3
External Accounts							
Exports of goods and services (% of GDP)	..	..	..	..	..	24.0	29.7
Imports of goods and services (% of GDP)	..	..	..	..	..	22.5	28.9
Current account balance (% of GDP)	-7.5	-9.2	-5.2	..	-7.3	..	..
External debt stocks (% of GNI)	92.1	89.8	94.1	..	92.0	..	..
Total debt service (% of GNI)	4.6	5.1	3.0	..	4.2	2.3	..
Total reserves in months of imports	1.8	1.4	1.5	..	1.6	13.2	11.6
Fiscal Accounts*							
General government revenue (% of GDP)	24.1	24.5	20.7	19.8	22.3	..	..
General government total expenditure (% of GDP)	26.7	24.7	23.6	23.0	24.5	..	..
General government net lending/borrowing (% of GDP)	-2.6	-0.1	-2.8	-3.2	-2.2	..	..

Series Name	2017	2018	2019	2020	Lao PDR	EAP	World
	Average 2017-2020						
General government gross debt (% of GDP)	105.3	91.9	97.7	92.4	96.8		
Health							
Life expectancy at birth, total (years)	67.3	67.6	67.9	..	67.6	75.2	72.6
Immunization, DPT (% of children ages 12-23 months)	69.0	68.0	68.0	..	68.3	92.4	85.7
People using safely managed sanitation services (% of population)	57.9	59.8	61.4	61.4	60.1	63.3	52.2
People using safely managed drinking water services (% of population)	81.5	83.3	85.1	85.2	83.8	92.8	89.5
Mortality rate, infant (per 1,000 live births)	38.9	37.6	36.4	..	37.6	13.0	29.0
Education							
School enrollment, preprimary (% gross)	42.9	46.7	48.5	..	46.0	81.5	61.1
School enrollment, primary (% gross)	106.0	102.4	100.0	..	102.8	102.8	102.2
School enrollment, secondary (% gross)	67.5	67.4	65.8	..	66.9	83.5	75.8
School enrollment, tertiary (% gross)	15.7	15.0	14.5	..	15.1	44.4	38.4
Population							
Population, total	6,953,031.0	7,061,498.0	7,169,456.0	7,275,556.0	7,114,885.3	2,061,487,086.8	7,632,017,945.3
Population growth (annual %)	1.6	1.5	1.5	1.5	1.5	0.6	1.1
Urban population (% of total population)	34.4	35.0	35.6	36.3	35.3	56.0	55.5
Rural population (% of total population)	65.6	65.0	64.4	63.7	64.7	44.0	44.5
Poverty							
Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of pop)	..	10.0	..	..	10.0		9.3
Poverty headcount ratio at national poverty lines (% of pop)	..	18.3	..	..	18.3		
GINI index (World Bank estimate)	..	38.8	..	..	38.8		

Source: Worldbank DataBank as of 9/15/21

*International Monetary Fund, World Economic Outlook Database, October 2020

**Data available only up to FY20