

CPS Final
Review
Validation

Lao People's Democratic Republic Country Partnership Strategy Final Review Validation, 2012–2016



Validation Report
April 2016

Lao People's Democratic Republic: Country Partnership Strategy Final Review Validation, 2012–2016

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NOTES

- (i) The fiscal year (FY) of the Government of Lao People's Democratic Republic begins on 1 October and ends on 30 September. "FY" before a calendar year denotes the year in which the fiscal year starts, e.g., FY2015 begins on 1 October 2014 and ends on 30 September 2015.
- (ii) In this report, "\$" refers to US dollars.
- (iii) For an explanation of rating descriptions used in ADB evaluation reports, see: ADB. 2015. *2015 Guidelines for the Preparation of Country Assistance Program Evaluations and Country Partnership Strategy Final Review Validations*. Manila.

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In preparing any evaluation report, or by making any designation of or reference to a particular territory or geographic area in this document, the IED does not intend to make any judgments as to the legal or other status of any territory or area.

Abbreviations

| | | |
|---------|---|---|
| ADB | – | Asian Development Bank |
| ADF | – | Asian Development Fund |
| CAPE | – | country assistance program evaluation |
| COBP | – | country operations business plan |
| CPS | – | country partnership strategy |
| CPSFR | – | country partnership strategy final review |
| GDP | – | gross domestic product |
| GMS | – | Greater Mekong Subregion |
| HRD | – | human resource development |
| IED | – | Independent Evaluation Department |
| Lao PDR | – | Lao People’s Democratic Republic |
| MDG | – | Millennium Development Goal |
| NSEDP | – | National Socio-Economic Development Plan |
| PCR | – | project completion report |
| PVR | – | project completion report validation report |
| RIA | – | regulatory impact assessment |
| SMEs | – | small and medium-sized enterprises |
| TA | – | technical assistance |
| TVET | – | technical and vocational education and training |

Currency Equivalent

(as of 31 October 2015)

| | | |
|---------------|---|------------|
| Currency Unit | – | kip (KN) |
| KN1.00 | = | \$0.000122 |
| \$1.00 | = | KN8175 |

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Executive Summary

This report was prepared by the Independent Evaluation Department (IED) of the Asian Development Bank (ADB). The report assesses the progress and results of the 2012–2016 Lao People’s Democratic Republic (Lao PDR) country partnership strategy (CPS), and identifies lessons and recommendations to improve the design and implementation of the CPS planned for the period 2017–2021. The report aims to validate the Lao PDR 2012–2016 country partnership strategy final review (CPSFR) prepared by the Southeast Asia Department of ADB as a self-evaluation of the current CPS program. The CPSFR was provided to IED on 28 August 2015.

Country Context

The Lao PDR is a lower-middle-income, land-locked country with a population of 6.5 million. It achieved high and persistent economic growth with real gross domestic product (GDP) averaging about 8% per annum from 2008 to 2013. In 2014, the GDP growth rate dipped slightly to 7.4%. Much of the growth was the result of foreign direct investment, which transformed Lao PDR into a provider of natural resources, consisting mainly of energy and minerals. Manufacturing has remained mostly stagnant and despite the country’s large store of natural resources and hydropower potential, the country maintains a significant trade deficit. Despite a slow start, increasing economic integration remains the most likely driver of change in the country, where integration pressure will become stronger with the creation of the Association of Southeast Asian Nations Economic Community.

At the time of preparation of the CPS, 25% of the population lived below the poverty line. Poverty was predominantly rural, and concentrated in the remote and mountainous northeastern border with Viet Nam. Rural livelihoods were under threat due to the conversion of agriculture lands for foreign direct investment. The country ranked 88th on the United Nations Development Programme gender-related index and 122nd on the human development index.

Despite robust economic growth, government spending grew, widening the public sector deficit. Substantial increases in the public sector wage bill in 2013, and again in 2014, were driven by a series of pay raises of 40% and recruitment of staff in excess of 10% per year. In addition to the large increase in public sector wages, there were declines in mining revenues due to softer global demand and prices for minerals. The combination of these factors caused the fiscal deficit to widen to 5.5% of GDP in 2013. The deficit declined slightly to 4.25% in 2014, mainly due to expenditure consolidation measures implemented by the government.

Economic growth masked poverty and inequality issues. About 75% of the total work force, including more than 80% of the rural population, relies for its livelihood on the agriculture sector, where growth is poor and productivity is low. ADB’s Asian Development Outlook 2015 reported that those living below the poverty line were predominantly in rural areas, with a high concentration in the remote mountainous northeastern and eastern regions bordering Viet Nam. Poverty rates varied according to ethnicity, with the Lao-Tai peoples displaying a lower incidence of poverty.

Major shortcomings in macroeconomic management, lack of skilled human resources, low worker productivity, weak infrastructure, and a poor business environment for private sector development are major problems that, if not remedied, will lead to growth being driven by the mineral and hydropower concessions, with potentially worrying consequences for the environment and inequality.

Constraints and Future Outlook

A 2011 ADB analysis identified critical constraints to inclusive growth that included (i) a lack of educated and skilled human resources, (ii) an inefficient and undeveloped financial sector, (iii) inadequate connectivity between rural and urban areas, (iv) poor nutrition and food security, (v) weak governance, and (vi) declining competitiveness in the non-resource sector.

Growth prospects in the short to medium term remain favourable, yet IED found that many of the constraints identified in the 2011 ADB constraint analysis continue to challenge Lao PDR's development. These challenges are (i) an agriculture sector that is largely subsistence based, resulting in restrictions on the use of land as collateral, thereby constraining finance and enterprise scale-up options and limiting space for economic transformation; (ii) continued public sector deficits that signal a need for improved central and subnational government processes and efficiencies under public sector and public financial management; (iii) inadequate financing for last-mile roads, economic zones, and trade and tourism, thwarting efforts to diversify the economy; and (iv) insufficient health sector infrastructure and universally consistent health standards—problems that challenge progress towards healthy lives and people's well-being.

There is also evidence of complicated business regulations that need to be streamlined and made more transparent to increase domestic private sector business. Unless these challenges are addressed within an effective framework for an improved business environment and progress toward economic integration in the region, Lao PDR will have difficulty completing the economic transformation needed for sustainable and inclusive economic growth.

Government Strategy

The government recognized these challenges, and articulated its development agenda in the 7th National Socio-Economic Development Plan (NSEDP) of the Lao PDR, 2011–2015 and the subsequent draft NSEDP 2016–2020. Under the development plans, the government has been attempting to transform the economy from subsistence-oriented to a commercially and regionally integrated economy.

ADB Country Partnership Strategy, 2012–2016

The CPS 2012–2016 aimed to be aligned with the government's 7th NSEDP 2011–2015, and ADB's 2008–2020 Long-Term Strategic Framework. Inclusive, sustainable economic growth and poverty reduction were selected as the CPS's overarching objectives. The program highlighted private sector development, governance, gender equality, and regional cooperation and integration as four thematic areas to influence ADB activities.

Over 2012–2016, lending will comprise about 84% of ADB's total funding, while nonlending will account for the remainder. This amount includes ADB's prospective 2016 lending and nonlending pipeline. Lao PDR is a Group A country with access to the Asian Development Fund grants and concessional loans. As of 31 December 2015, one loan from ADB's ordinary capital resources had been allocated during the CPS 2012–

2016. ADB programmed 13 sovereign grant and loan projects (totaling \$388.8 million), one nonsovereign loan project (totaling \$121.65 million), and nine technical assistance (TA) projects (totaling \$7.4 million) during the 2012–2016 CPS period. An additional 33 sovereign grant and loan projects (totaling \$463.4 million), and 16 TA projects (totaling \$15.3 million) from previous CPS periods were under implementation during 2012–2016. No previous CPS nonsovereign loan was under implementation during 2012–2016.

ADB was engaged in nine sectors in Lao PDR. Seventy-one percent of the assistance approved during the 2012–2016 period was allocated to agriculture, education, energy, and water supply and municipal services. This program was consistent with the focus of the 2012–2016 CPS.

The validation reviewed approximately 70 completed, active, and newly approved loans, grants, and TA projects during the 2012–2016 CPS period. The majority of the ADB-supported activities are ongoing and there are only eight project completion reports (PCRs) for recently completed projects. This represents about 8% of the portfolio implemented during the CPS period. Seven of the eight PCRs were rated successful. Five of the seven projects assessed successful were also validated successful in PCR validation reports (PVRs). The eighth PCR, assessed less than successful, does not have a PVR or project performance evaluation report to validate or confirm the PCR rating.

Assessment

The CPSFR rated the program successful, based on the criteria outlined in the 2015 Guidelines for the Preparation of Country Assistance Program Evaluation and Country Partnership Strategy Final Review Validation. The CPSFR overall rating was based on self-assessed findings of program relevance, effectiveness, efficiency, and sustainability. The validation reviewed the portfolio using the same criteria. More than 3 years into implementation, independent evaluation finds that the strategy and program under the CPS 2012–2016 is *relevant, effective, efficient, and likely sustainable*. Impacts are *satisfactory*. The composite rating is *successful*. The rationale for the overall rating in this validation report is provided below.

Relevance. The CPSFR rated the CPS 2012–2016 relevant. The validation concurs. Relevance was assessed against three main subcriteria: (i) appropriateness of CPS objectives to meet the country’s needs and alignment with the Long-Term Strategic Framework of the ADB, 2008–2020 (Strategy 2020); (ii) strategic positioning, including focus and sector selectivity and coordination with development partners; and (iii) sector program relevance and design quality of the CPS results framework.

The 2012–2016 CPS was aligned with the main aims of the government’s 7th NSEDP, which were (i) continued national economic growth, with an annual average GDP growth rate of at least 8%, with GDP per capita reaching at least \$1,700; (ii) achievement of Millennium Development Goals by 2015 and positioning the country for eligibility to graduate from least developed country status by 2020; and (iii) sustainable and inclusive economic development; and (iv) political stability.

The CPS aligned its objectives with Strategy 2020, and the government’s plan by highlighting four thematic areas that were used to guide the design and focus of ADB activities: (i) private sector development, (ii) governance, (iii) gender equity, and (iv) regional cooperation and integration. Private sector development was expected to support investment promotion and industrialization strategies. Governance was expected

to support the government's aim to enhance the effectiveness of public administration and ensure equitable rule of law.

The CPS's focus on education, agriculture, water supply, energy, municipal services, and capacity development included gender design features, targets, and indicators to promote women's participation and access to project benefits. ADB operations intended to promote gender objectives by promoting the development of rural areas and reducing poverty, thereby ensuring human resource development and inclusive and sustainable growth. The focus on regional cooperation and integration was expected to enhance economic competitiveness and ensure the opportunities and benefits of regional integration reached the wider population.

As provided in the CPSFR and confirmed during validation, ADB is a significant partner in terms of funding contributions, contributing 15% of all official development assistance in fiscal year 2011/12, ranked second to Japan; 7% in fiscal year 2012/13, and 17% in 2013/14, ranked second to the World Bank. Programs were coordinated with the activities of other development partners, including Thailand (an ADB upper-middle-income developing member country). Out of the top 10 international development partners supporting Lao PDR, Thailand was fifth in 2013 and 2014. Most sectors had several active development partners, and the Lao PDR Resident Mission played a significant role in the national roundtable meeting process, where it co-chaired the macro-economic working group and the infrastructure sector working group.

Non-profit associations and nongovernmental organizations were closely involved in project development and implementation. For example, the Greater Mekong Subregion (GMS) East–West Economic Corridor Agriculture Infrastructure Sector Project's water user groups were instrumental in the successful implementation and long-term sustainability of associated infrastructure investments. In the Smallholder Development Project, rice miller groups, processor groups, and trade groups worked with ADB to improve the sustainability of smallholders' commercial agriculture in four targeted provinces. In the Nam Ngum River Basin Development Sector Project, three organizations—the Village Development Committee, the Lao Front National Committee, and the Lao Women's Union—played a range of roles in project implementation and helped the executing agency in the monitoring and evaluation of the safeguards and social development activities.

The CPS objectives were relevant to the key issues and priorities set out in the 7th NSEDP, ADB's corporate strategies and priorities, and to related sector strategies. The CPS was generally well positioned with strong coordination among development partners and civil society. Validation reviewed ongoing and completed grant and loan projects, programs, and TA projects through to 31 December 2015. The actual sector programs and projects that were delivered were broadly in line with CPS priorities, well designed, responding to stakeholder inputs and to the government's priorities. Hence, validation rates the CPS *relevant*.

Effectiveness. The CPSFR rated the 2012–2016 CPS effective. Validation concurs. The validation examined sector interventions, projects and programs, thematic priorities, and knowledge products to gauge the CPS's effectiveness. In assessing results, the validation team was challenged by continuously shifting outcome indicators, and at times changed outcomes. Despite this, and with the use of original expected outcomes as constant benchmarks, validation found that the ADB projects and programs, completed and ongoing during the CPS period, accompanied by ancillary knowledge

products, have either achieved or are making significant progress toward achieving CPS sector and thematic outcomes.

In the area of regional cooperation and integration, validation found ongoing GMS agriculture and natural resource projects with Lao PDR components, evidencing solid contributions to select GMS program results of increased climate-change resilience, and increased access to information and communications. Hence, the validation rates the 2012–2016 CPS *effective*.

Efficiency. Efficiency was assessed by aggregating the performance of sector portfolios based on (i) CPS program costs versus benefits, and (ii) efficiency of project-start up and resource utilization (disbursement performance) by the portfolio of loans and grants.

Eight PCRs were completed during the CPS period, and four of these reports calculated economic internal rates of return at project completion. The recalculated economic internal rates of return were greater than those calculated at the time of approval. The efficiency of the other four completed projects was assessed in terms of whether they were implemented and delivered in a cost-effective and time-efficient manner. All, but one of the eight completed projects with PCRs were found to be efficient. Relevant PVRs and project performance evaluation report confirm the PCR efficiency ratings.

Validation notes that ADB appeared to have adjusted project and program designs in response to the 2010 Country Assistance Program Evaluation finding that ADB's assistance to the Lao PDR generally failed to address a systematic problem of poor implementation capacity in executing agencies and undue complexity in the design and implementation arrangement in projects. Lao PDR project and program designs post-2010 have expanded implementation periods. Performance of the implementation of the active portfolio over 2012–2016 was better than ADB processing and disbursement averages.

The disbursement ratio for loans improved from 5.6% in 2012 (implying an implementation period of 17 years) to 14% in 2014 (implying an implementation period of 7 years), and for grants, from 24.8% in 2012 to 26% in 2014. The disbursement ratio ADB-wide was 18.8% in 2014. The percentage of projects rated on-track was 87.5% in 2012 compared with 50% ADB-wide. On-track ratings increased to 89.5% of the portfolio in 2015 compared with 80.2% ADB-wide. In 2014, there were only two projects rated as potential problems and no projects were rated at risk.

This evidence suggests the CPS program is *efficient*.

Sustainability. The CPSFR rated the CPS likely sustainable. The CPSFR noted and validation confirmed that recurrent costs, though challenging, were being addressed. Operating and maintenance financial and institutional arrangements were successfully established and there was strong policy reform ownership by the government. However, validation notes that while ADB support has not gone to hydropower development on the Mekong River, the environmental sustainability of the country's focus on Mekong River hydropower exports is an issue. In validation's view, there is a clear need for caution from ADB in contemplating any future hydropower support. ADB needs to continue to focus on safeguards, such as that under the TA project—GMS Nam Theun 2 Hydropower Project—Social Safeguards Monitoring, and relevant safeguard (environmental and social) capacity building to further augment the sustainability of ADB's existing hydropower projects. Environmental sustainability is a major concern, with continued robust growth fueled by hydropower exports.

Nonetheless, in the absence of main stem Mekong River hydropower project support from ADB, and given the sustainability ratings in project evaluation reports and discussions in the field, the validation rates the 2012–2016 CPS *likely sustainable*.

Development impacts. In validation’s view, ADB made a significant contribution to economic growth and poverty reduction and contributed to the achievement of sector targets. Environmental and other safeguard impacts of ADB assistance were generally positive. Much of the 2012–2016 loan, grant, and TA portfolio was ongoing, yet, completed interventions show substantial impact. Therefore, the validation rates the development impact of ADB support *satisfactory*.

Overall rating. The validation report’s composite rating of the performance of the CPS 2012–2016 program is *successful*.

ADB and borrower performance. ADB supervised project implementation well and took a leading role in policy dialogue. The resident mission was effective in providing local management. Despite evidence of good performance by ADB, the validation found room for improvement in project monitoring and evaluation. ADB did not pay sufficient attention to the design and implementation of project performance monitoring and evaluation systems when supervising projects. Up-to-date details on progress toward development results were difficult to find and access because ADB’s monitoring and evaluation systems did not include such details. Nevertheless, validation rates ADB performance *satisfactory*.

Borrower’s performance was based on the PCRs of projects where borrower performance was either satisfactory or highly satisfactory. The PCRs did not identify any substantial issues that affected project preparation or implementation from the borrower’s perspective. The CPSFR noted that the government’s engagement with development partners, including ADB, was strong even though the nature of the engagement is changing because of the decline in official development assistance. Cooperation between the government and ADB in the preparation of the CPS and government sector and national plans was satisfactory. The validation rates overall borrower performance *satisfactory*.

Lessons

- (i) Thailand’s growing aid to the Lao PDR heralds the rise of interesting challenges regarding the evolving role and capacity of ADB upper middle-income countries in regional and country-specific development. Thailand’s ever-growing role as an international development partner signals constructive positive indications on the sustainability of ADB outcomes and outputs in Lao PDR—especially in the agriculture and natural resources sector, where Thailand is also a development partner.
- (ii) Shortcomings in transformation include, among other things, lack of skilled resources and low worker productivity. It will be difficult, without a government-endorsed human resource development strategy, to formulate relevant higher education and formal vocational training that is responsive to regional and domestic labor market needs. Public and private sector partnerships and the comprehensive development and implementation of such a plan are needed to ensure relevance. Otherwise, the Lao PDR’s transformation from an agriculture-based subsistence economy will remain a challenge.

- (iii) Inclusive growth in Lao PDR will be difficult without improved health service delivery. Exclusion of direct health sector support from the CPS meant that important inclusive growth related health sector outcome indicators were lacking and not monitored during the CPS period, indicating possible lost opportunities for timely interventions.
- (iv) Regional cooperation and integration remains a driver for inclusive growth, and ADB's regional and country-specific support has provided significant results in expanding the development of small and medium enterprise (SMEs). However, specific constraints to SME development need to be addressed to foster business growth and economic cooperation.
- (v) Development results were difficult to estimate for ongoing projects because the outcome indicators continuously shifted. When shifting outcome indicators after CPS implementation, it is important to ensure that replacement indicators are specific, measureable, and realistic. Such indicators need to be used throughout project implementation to monitor and report accurate progress toward relevant outcomes established in the original CPS.

The validation recommends the following:

- (i) Enhanced work with the private sector is needed for effective inclusive growth and economic cooperation. In the next CPS, for 2017–2021, the education sector should continue to be a core sector of assistance. As ADB assistance under the Secondary Education Sector Development Program winds down in 2019, it will be necessary to continue support for higher education and technical vocational training through improved collaboration with the private sector.
- (ii) Given the overarching importance of inclusive growth, the next CPS should ensure that applicable measures are in place to appropriately track health sector indicators. Further intervention in the sector will be needed as the Lao PDR lags behind regional and low-income country averages on many key social indicators, and is off track on several health-related goals, including malnutrition, skilled birth attendance, maternal mortality, and immunization coverage.
- (iii) Increasing pressure towards regional integration as part of the Association of Southeast Asian Nations Economic Community points to the need for continued ADB support under CPS 2017–2021 to help resolve the constraints to SME development, including through policy reforms, so that the private sector can grow.

CHAPTER 1

Introduction

A. Validation Purposes and Procedures

1. This report has been prepared by the Independent Evaluation Department (IED) of the Asian Development Bank (ADB). The purpose of the validation report is to (i) validate the Lao People's Democratic Republic (Lao PDR) Country Partnership Strategy Final Review (CPSFR) prepared as a self-evaluation by the Southeast Asia Department of ADB and provided to IED on 28 August 2015,¹ (ii) assess the quality of the self-evaluation in terms of progress and results of the Lao PDR country partnership strategy (CPS) for 2012–2016;² (iii) assess ADB and borrower's performance; and (iv) identify lessons and recommendations to improve the design and implementation of the CPS planned for 2017–2021. In particular, this validation report re-assesses the performance of the CPS for 2012–2016 and four country operations business plans (COBPs)³ that guided ADB's program for the Lao PDR during 2012–2016.

2. The procedure followed by IED to prepare this validation report included (i) a desk review of country planning and programming documents; (ii) finalization of an evaluation approach paper that identified key issues prior to in-country consultations; (iii) fielding of an independent evaluation mission⁴ from 19 to 30 October 2015 to interview stakeholders to gain feedback and confirmation on issues identified, and to collect additional information and data; and (iv) headquarters-based interviews with the country team. The CPSFR validation report was prepared in accordance with the March 2015 Guidelines for the Preparation of Country Assistance Program Evaluation and Country Partnership Strategy Final Review Validation.⁵

B. Country Development Context and Government Plans

3. **Economic growth.** At the time of preparation of the CPS in 2011, land-locked Lao PDR was a lower middle-income country⁶ with a population of about 6.5 million people (footnote 1). It achieved high and persistent economic growth with real gross domestic product (GDP) averaging about 8% per annum from 2008 to 2013. Much of this growth was the result of foreign direct investment and the transformation of Lao

¹ ADB. 2015. *Country Partnership Strategy Final Review: Lao People's Democratic Republic, 2012–2016*. Manila.

² ADB. 2011. *Country Partnership Strategy: Lao People's Democratic Republic, 2012–2016*. Manila.

³ ADB. 2011. *Country Operations Business Plan: Lao PDR, 2012–2014*. Manila; ADB. 2012. *Country Operations Business Plan: Lao PDR, 2013–2015*. Manila; ADB. 2013. *Country Operations Business Plan: Lao PDR, 2014–2016*, Manila; and ADB. 2014. *Country Operations Business Plan: Lao PDR, 2015–2017*. Manila.

⁴ The independent evaluation mission comprised Kelly Hewitt (Mission Leader, Evaluation Specialist), Maria Olivia Nuestro (Senior Evaluation Officer), Dr. Thongdeuane Nanthavone (Consultant), and Peter Choynowski (Consultant).

⁵ ADB. 2015. *Guidelines for the Preparation of Country Assistance Program Evaluations and Country Partnership Strategy Final Review Validations*. Manila.

⁶ Lao PDR borders Viet Nam in the East, Thailand in the West, People's Republic of China in the North, Myanmar in the Northwest, and Cambodia in the South.

PDR into a provider of natural resources in the region, consisting mainly of energy, minerals, timber, and cash crops.⁷ According to ADB's 2015 Asian Development Outlook, by 2014, the GDP growth rate had dipped slightly to 7.4%.⁸ About 75%–80% of the total work force, including more than 80% of the rural population, relied for its livelihood on the agriculture sector where growth was poor and productivity low.⁹ Agriculture constituted 20.9% of the country's GDP in 2014 (footnote 1).

4. By sector, services expanded by 9.0% in 2014. Wholesale and retail trading, public services, and transport and communications recorded solid growth. A decline in tourism in neighboring Thailand saw fewer tourists taking side trips to the Lao PDR, with the result that growth in total tourist arrivals slowed to 10.8% in 2014 (footnote 8).

5. From 2013 to 2014, industry grew by 8.5%, supported by foreign direct investment to construct hydropower projects, residential and commercial developments, and factories in special economic zones. The output of electricity, most of it sold to Thailand, rose by 7.7% to 15.4 billion kilowatt-hours. Softer global demand and prices for minerals dampened growth in mining (footnote 8).

6. From 2008 to 2013, government spending grew in line with economic growth, widening the public sector deficit. The deficit grew 4.4% to 7.2% of GDP in 2009, propelled by large investment outlays financed by direct lending from the central bank.¹⁰ The overall fiscal deficit moderated to 3% of GDP in 2011 due to expenditure restraints, buoyant mining and hydropower revenues, and higher revenues from value-added taxes.¹¹ The fiscal deficit further declined to 1.3% of GDP in 2012 because of greater revenue collection and less-than-expected spending.¹²

7. Fiscal policy turned expansionary in 2013, with a large increase in public wages and a decline in official development assistance and mining revenues. Substantial increases in the public sector wage bill in 2013 and again in 2014, driven by a series of pay raises of 40% and recruitment in excess of 10% a year, caused the fiscal deficit to widen markedly to 5.5% of GDP in 2013. The deficit declined slightly to 4.25% of GDP in 2014, mainly due to government expenditure consolidation.¹³

8. Although the government continuously ran fiscal deficits over 2008–2014, the country's external debt position improved. The 2012 and 2013 Joint International Monetary Fund World Bank Debt Sustainability Analysis concluded that Lao PDR's risk of debt distress was moderate. It noted the external debt position was highly sensitive to assumptions on future public investment and economic returns.¹⁴

9. **Human development indicators.** The Lao PDR's United Nations human development index value for 2014 is 0.575—which puts the country in the medium human-development category—positioning it at 141 out of 188 countries and territories. The country is below the average of 0.630 for countries in the medium

⁷ United Nations. 2014. *Country Analysis Report: Lao People's Democratic Republic: Analysis to inform the selection of priorities for the next UN Development Assistance Framework, 2012–2015*. Vientiane.

⁸ ADB. 2015. *Asian Development Outlook 2015: Financing Asia's Future Growth*. Manila.

⁹ ADB. 2015. *Two Decades of Rising Inequality and Declining Poverty in the Lao People's Democratic Republic*. Manila; and Food and Agriculture of the United Nations. 2015. *Lao at a Glance*. <http://www.fao.org/laos/fao-in-laos/laos-at-a-glance/en/>

¹⁰ International Monetary Fund (IMF). 2011. *Lao PDR: 2010 Article IV Consultation—Staff Report*. Washington, DC.

¹¹ IMF. 2012. *Lao PDR: 2012 Article IV Consultation—Staff Report*. Washington, DC.

¹² IMF. 2013. *Lao PDR: 2013 Article IV Consultation—Staff Report*. Washington, DC.

¹³ IMF. 2015. *Lao PDR: 2014 Article IV Consultation—Staff Report*. Washington, DC.

¹⁴ World Bank. 2014. *Country Partnership Strategy Progress Report for Lao PDR*. Washington, DC.

human-development group and below the average 0.710 for countries in East Asia and the Pacific.¹⁵

10. Lao PDR has the lowest adult literacy rate among the lower-income Southeast Asian countries. Low levels of education have created a skills mismatch in the economy that has led to low productivity rates that deter increased foreign direct investments. The need for vocational training and skills development is seen as one of the most critical challenges facing the Lao PDR, and will become even more important as the country's young population seeks to enter the workforce.¹⁶

11. Women are active participants in Lao PDR's labor force. However, wage gaps and occupational streaming by gender persist. Although their work is largely informal, 73% of women (compared with 78% for men) contribute to the country's labor force, a percentage that is among the highest for women in the region. Women and girls constitute over 70% of unpaid family workers. This suggests that women are less likely engaged in productive work with income that they control. Women increasingly run their own businesses, but these tend to be smaller than those owned by men. Women also have greater difficulty accessing finance and technical skills.¹⁷

12. The Lao PDR's population is relatively young, with the median age estimated to be 22 years. Life expectancy at birth is estimated at 66.2 years for both sexes, short of the United Nations target of 75 years by 2015 for countries with moderately high mortality. Life expectancy in Lao PDR is not expected to reach 70 years until 2036. High infant and under-5 mortality rates, which stood at 68 and 79 per 1,000, respectively, in 2011, appear to be the cause behind the outlook for continued low life expectancy (footnote 15).

13. **Poverty and inequality.** In 2011, 25% of the Lao PDR's population lived below the poverty line. Urban areas and districts along the Thai border experienced rapid growth and poverty reduction, but other groups continued to lag behind. The northern part of the country remained poorer than the southern and central regions, and uplands were poorer than lowlands. Poverty rates varied according to ethnicity, with the Lao-Tai community displaying lower poverty incidence. Gender disparities were more pronounced among many of the non-Lao-Tai groups.¹⁸

14. Lao PDR lagged behind the regional and low-income-country averages on many key social indicators. Available data in 2011 suggested Lao PDR was off track on a number of the Millennium Development Goals (MDGs), including malnutrition, measles immunization, skilled birth attendance, and some dimensions of gender equality. Education was among the better performing sectors, while progress towards the achievement of health MDGs was mixed. While child mortality was still high, the MDG target was within reach. There was less progress on other health indicators, in particular malnutrition, skilled birth attendance, and immunization coverage. Maternal mortality rates were among the highest in the region.¹⁹

15. **Private sector.** The most significant constraints to expansion for enterprises in Lao PDR are tax administration, access to finance, and most importantly workforce

¹⁵ United Nations Development Programme. 2015. *Human Development Report: Lao PDR*. New York; United Nations Population Fund. 2015. *Population Situation Analysis: Lao PDR*. Vientiane.

¹⁶ ADB. 2011. *Critical Constraints to Growth in the Lao PDR*. Vientiane.

¹⁷ ADB and World Bank. 2012. *Country Gender Assessment for Lao PDR: Reducing Vulnerability and Increasing Opportunity*. Manila and Washington, DC.

¹⁸ United Nations Development Programme. 2010. *Human Development Report 2010*. New York.

¹⁹ World Bank. 2012. *Country Partnership Strategy, 2012–2016 for Lao PDR*. Washington, DC.

skills. Smaller firms suffer the most from lack of access to formal finance, where high levels of collateral and formal accounting are required. Women-owned businesses represent 30%–40% of small firms, and have traditionally had more difficulty than men accessing finance, markets, and information (footnote 17). The taxation system discourages formalization of businesses and the growth of small enterprises into medium-sized firms. Large firms tend to be more constrained by the availability of skilled and unskilled labor. While the cost of labor in Lao PDR is comparatively low, actual labor productivity faces challenges when compared with neighboring countries. At the same time, the costs of doing business (regulatory costs and infrastructural issues related to the country's landlocked supply chain) are comparatively high. The World Bank's Doing Business Report 2015²⁰ found that the Lao PDR's standing in the ease of doing business ranking improved from 155 among 189 economies in 2014 to 148. The higher ranking in 2014 reflected measures to strengthen legal rights of borrowers and lenders. Despite this improvement, Lao PDR still lagged far behind its neighboring countries (Thailand at 26, Viet Nam at 78, and Cambodia at 135).

16. **Environment.** An estimated 35% of water in the Mekong River originates from watersheds within the Lao PDR, of which 80% materializes during the rainy season.²¹ Rapid economic development and population growth in recent years has put pressure on the country's water resources because of inadequate environmental legislation and institutional capacity for environmental protection. Flooding has been a problem, with nine major floods in the country since the mid-1960s. In addition, loss of forest coverage has been significant. The forest area in 2011 was 9.5 million hectares, about 40% of the total land area, compared with 47% in 1992. Forest quality has deteriorated due to a decrease in stock density, changes in species composition and size structure, and a reduction in wildlife and plant populations (footnote 21).

17. **Constraints.** A 2011 ADB analysis identified critical constraints to inclusive growth in the country's transforming economy that included (i) lack of educated and skilled human resources, (ii) an inefficient and undeveloped financial sector, (iii) inadequate connectivity between rural and urban areas, (iv) poor nutrition and food security, (v) weak governance, and (vi) declining competitiveness in the non-resource sector.

18. The Lao PDR Government recognized these challenges and has focused on broad-based sustainable and inclusive growth for poverty alleviation in its development agenda, articulated in the 7th National Socio-Economic Development Plan (NSEDP) of the Lao PDR, 2011–2015 and the subsequent draft NSEDP 2016–2020. The government has been attempting to transform the economy from subsistence-oriented to a commercially and regionally integrated economy.

19. **Government plans.** The government's development vision was set out in the Long Term Strategy of Socioeconomic Development to the Year 2020 and implemented through rolling five-year plans that provided the overarching development strategy and framework for prioritizing government expenditures. The main objective of the government's strategy was achieving the MDGs and graduating from least developed country status by 2020. Successive five-year plans were centered on these ambitions.

20. The objectives of the five-year plan that ended in 2015, the 7th NSEDP for 2011–2015, were (i) continued national economic growth, with an annual average GDP growth

²⁰ World Bank. 2014. *Doing Business 2015: Going Beyond Efficiency*. Washington, DC.

²¹ Government of the Lao People's Democratic Republic, Ministry of Natural Resources and Environment. 2012. *Lao Environment Outlook 2012*. Vientiane.

rate of at least 8%, with GDP per capita reaching at least \$1,700; (ii) MDGs achievement by 2015 and positioning the country for eligibility to graduate from least developed country status by 2020; (iii) sustainable and inclusive economic development; and (iv) political stability.²²

21. A new five-year government plan, the 8th NSEDP for 2016–2020, was released in 2015. It aims to (i) facilitate eligibility for graduation from least developed country status by 2020; (ii) consolidate regional and international integration in the context of the launching of the Association of Southeast Asian Nations Economic Community in 2015; (iii) take further steps toward industrialization and modernization to enhance the well-being of the people and the prosperity of the country in order to achieve the ranking of an upper middle-income country by 2030.²³

22. **Future outlook and challenges.** Growth prospects in the short to medium term remain favourable, yet IED found that many of the constraints identified in the 2011 ADB constraint analysis continue to challenge development. These challenges are (i) an agriculture sector that is largely subsistence based, resulting in restrictions on the use of land as collateral, constraining finance and enterprise scale-up options and limiting space for economic transformation; (ii) continued public sector deficits that signal a need for improved central and subnational government processes and efficiencies under public sector and public financial management; (iii) inadequate financing for last-mile roads, economic zones, and trade and tourism, and thwarting efforts to diversify the economy; and (iv) insufficient health sector infrastructure and universally consistent health standards—problems that continue to challenge progress towards healthy lives and the peoples’ well-being. Unless these challenges are addressed within an effective framework for an improved business environment and progress toward economic integration in the region, Lao PDR will have difficulty completing the needed transformation for sustainable and inclusive economic growth.

C. Previous Country Evaluations

23. Two country assistance program evaluations (CAPEs) have been prepared for the Lao PDR, both rating overall performance *successful*. The first CAPE, completed in 2006, covered ADB assistance from 1986 to 2004. While Lao PDR became an ADB member in 1966, the study period for the 2006 CAPE commenced in 1986, the year the government started to transform the economy from a centrally planned to a market-based system. Prior to that time, ADB had provided only 12 loans.²⁴ The 2006 CAPE found that the country strategy and partnerships over the period lacked coherence in positioning. ADB assistance, by not focusing on its comparative advantage, resulted in program lending that suffered from over-ambition, weak ownership, and inadequate public consultation. It found redundancy between the interventions of ADB and other development partners due to weak coordination. The 2006 CAPE also pointed out weakness in the government’s absorptive capacity.

24. The second CAPE, completed in 2010, covered ADB’s program from 2000 to 2009. It found all the evaluated sectors of the CPS 2007–2011 had achieved good

²² Government of the Lao People’s Democratic Republic, Ministry of Planning and Investment. 2010. *Five-Year National Socio-Economic Development Plan VII, 2011–2015*. Vientiane.

²³ Government of the Lao People’s Democratic Republic, Ministry of Planning and Investment. 2015. *Five-Year National Socio-Economic Development Plan VIII, 2016–2020 (Fifth Draft 25th February 2015)*. Vientiane.

²⁴ IED. 2006. *Country Assistance Program Evaluation for the Lao People’s Democratic Republic*. Manila: ADB.

performance in all criteria, except efficiency.²⁵ Implementation delays across sectors were the result of weak implementation capacity in executing agencies and complexity in the design of some projects. Key lessons included (i) recognition of the complexity of reform in public administration and justice sectors and the need to emphasize long-term institutional development at both the national and subnational level; (ii) understanding that binding constraints cannot be addressed solely by ADB, requiring it to limit lending to certain sectors while considering its corporate strategies, the country's sector situation, and partner coordination; (iii) findings of limited institutional capacity pointed to the need for more program-based approaches for long-term engagement; (iv) recognition that standalone efforts such as public finance reform needed to be integrated in all of ADB's sector program assistance; (v) understanding that ADB's emphasis on knowledge solutions required further expansion of the Lao Resident Mission capacity and responsibility; and (vi) recognizing that ADB's response to emerging environment and social vulnerabilities had been limited in scope to ADB projects, and needed to be expanded to allow for mainstreamed solutions and partner coordination to address underlying issues.

D. Objectives of the Country Partnership Strategy, Scope, and the Roles of Major Development Partners

25. **Country strategy.** The critical constraints to inclusive growth identified in 2011 in the CPS included (i) a lack of educated and skilled human resources; (ii) an inefficient and undeveloped financial sector; (iii) inadequate connectivity between rural and urban areas; (iv) poor nutrition and food insecurity; (v) weak governance; and (vi) declining competitiveness in the non-resource sectors. The 2012–2016 CPS noted that increasing dependency on natural resources highlighted the need to diversify the economy to promote more equitable and inclusive growth (footnote 16).

26. The CPS for 2012–2016 and four COBPs guided ADB's program for the Lao PDR during 2012–2016. The overarching objective of the 2012–2016 CPS was inclusive and sustainable economic growth and poverty reduction. Inclusive growth initiatives would focus on rural areas, where the majority of the poor live, through the development of road and energy infrastructure, enhancing value chains, improving access to markets and social services, and forging stronger rural–urban linkages. Sustainable growth in rural areas would be supported through improved natural resource management. The challenges of rapid urbanization and urban centers that could sustainably support stronger rural–urban linkages would be addressed through improved urban services and municipal infrastructure.

27. Initiatives to enhance economic growth beyond the resources sector, strengthening of the private sector development enabling environment and human capital formation would focus on higher quality education, and technical and vocational education and training (TVET) that met the skill needs of small and medium-sized enterprises (SMEs), as well as support for SMEs by addressing trade and industry, and financial sector development needs. Long-term capacity building in public sector management (PSM) would contribute to improved governance and more efficient and effective public service delivery in the economic and social sectors. The deepening of regional cooperation and integration and fostering linkages throughout the country would facilitate strong and inclusive growth.

²⁵ Independent Evaluation Department. 2010. *Country Assistance Program Evaluation for the Lao People's Democratic Republic*. Manila: ADB.

28. The 2012–2016 CPS was aligned with the government’s 7th NSEDP and ADB’s Strategy 2020. It incorporated lessons and recommendations from the 2010 CAPE, and took into account the views and feedback from other stakeholders including the private sector, nongovernmental organizations, and development partners. The CPS highlighted four thematic areas to influence the design and focus of ADB’s activities: (i) private sector development, (ii) governance, (iii) gender equity, and (iv) regional cooperation and integration. Sectors selected for engagement included four core sectors: (i) education, (ii) agriculture and natural resources, (iii) water supply and other municipal infrastructure and services, and (iv) energy. These sectors were largely the same as in the previous CPS for 2007–2011, namely, agriculture, health, education, and infrastructure. However, incorporating findings from CAPE 2000–2009, engagement within the selected sectors was expected to shift during the 2012–2016 CPS period.

29. Reflecting these factors, ADB support for education would focus on secondary and higher education and TVET to complement the support for primary education provided by other development partners. In transport, emphasis shifted from construction of major roads to capacity development support for road maintenance planning and financing. Rural transport connectivity would occur largely through infrastructure investments under the agriculture and natural resources program. Engagement in the industry and trade sector would focus on implementing SME activities that began during the previous strategy period. Support to the finance sector would continue through technical assistance (TA) and policy dialogue. Health sector support would shift from direct investment in the sector to the provision of capacity development support in public financial management to enable the sector to better manage increasing resource flows from the budget.

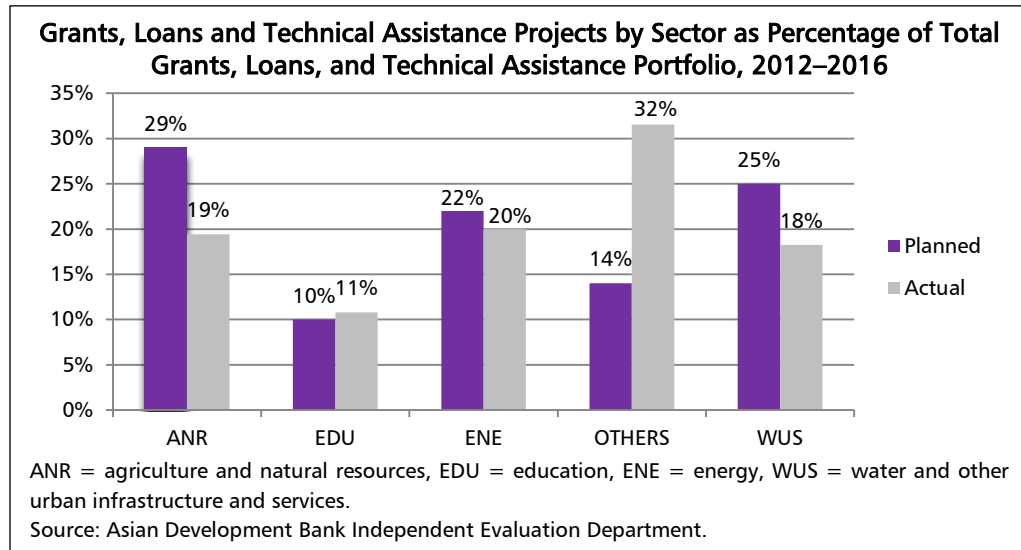
30. **Country program.** Lao PDR is a Group A country with access to Asian Development Fund grants and concessional loans.²⁶ From 2012 to 2016, lending comprised about 84% of the total support. This amount included ADB’s prospective 2016 lending and nonlending pipeline, as stated in the 2 July 2015 back-to-office report for the country programming mission to the Lao PDR from 21 May to 26 June 2015.

31. ADB programmed 13 sovereign grant and loan projects (totaling \$388.8 million), one nonsovereign loan project (totaling 121.65 million), and nine TA projects (totaling \$7.4 million) during the 2012–2016 CPS period. An additional 33 sovereign grant and loan projects (totaling \$463.4 million), and 16 TA projects (totaling \$15.3 million) from previous CPS periods were under implementation during 2012–2016. During 2012–2016, no previous CPS nonsovereign loan was under implementation. Appendix 1 details the ADB portfolio of loans, grants, and TA projects that were approved or implemented during 2012–2016.

32. ADB was engaged in nine sectors in the Lao PDR. Seventy-one percent of the assistance approved during the 2012–2016 period was allocated to agriculture, education, energy, and water supply and municipal services. This program was consistent with the focus of the 2012–2016 CPS. The figure illustrates graphically

²⁶ Generally, ADB Group A countries are not eligible for ordinary capital resource loans because of limited debt-repayment capacity. In some cases, ordinary capital resources loans are made available to Group A countries if an opportunity exists for cross-border trade and, upon which, economic growth, and development are dependent. As of 31 May 2015, one loan had been allocated during CPS 2012–2016 from ADB’s ordinary capital resources. The Lao PDR and Thailand have a power trade agreement under an ordinary capital resource loan and guarantee upon which the Lao PDR receives revenues in Thai baht in exchange for its exported power.

planned and actual sector allocations of ADB assistance.²⁷ The actual assistance approved for other sectors during the 2012–2016 period was allocated to health, transportation, and industry and trade sectors.



33. By 31 December 2015, the assistance to agriculture, energy, and water supply and municipal services was consistent with the focus of assistance recommended by the 2012–2016 CPS.²⁸ The back-to-office report²⁹ for the country programming mission to the Lao PDR from 21 May to 26 June 2015 indicated that education funding was delayed, and that two education projects were programmed for 2016, namely a TVET project and a higher education development project for a total of about \$65 million.

34. The validation reviewed approximately 70 completed, active and newly approved loans, grants, and TA projects during the 2012–2016 CPS period. The majority of the ADB-supported activities are ongoing, and there are only eight project completion reports (PCRs) for recently completed projects, representing about 8% of the portfolio implemented during the CPS period. Seven of the eight PCRs were rated successful. Five of the seven projects rated successful were also validated successful in PCR validation reports (PVRs). The eighth PCR, assessed less than successful, does not have a PVR or project performance evaluation report to validate or confirm the PCR rating. Appendix 2 presents a table of completed projects during CPS 2012–2016 with PCRs, PVRs, or project performance evaluation reports.

²⁷ ADB's 2015 Guidelines for the Preparation of Country Assistance Program Evaluations and Country Partnership Strategy Final Review Validations (footnote 5) provide that the evaluation should review and analyze not only ADB public sector operations and technical assistance and policy dialogue, but also ADB nonsovereign operations. Supporting sector-level assessments should evaluate public and private sector operations in combination. Given the small size of the nonsovereign operation portfolio in the Lao PDR (one project), a separate evaluation of private sector operations is not feasible in assessing the appropriateness of, and the synergies from, that sole private sector energy project. It is therefore included and assessed in light of the whole CPS 2012–2016 portfolio.

²⁸ The assistance to the energy sector at the time of CPS 2012–2016 was expected to come from the ADF. However, during implementation of the CPS, it was found that no significant ADF funding was needed for the energy sector because the sector had become saturated with private sector investors (foreign and domestic). Instead, ADB provided nonsovereign support to the energy sector through ordinary capital resources financing.

²⁹ ADB, Southeast Asia Department. 2015. Country Programming Mission to the Lao PDR. Back-to-office report. 21 May–26 June (internal).

Validation of the Country Partnership Strategy Final Review

35. The CPSFR rated the program successful, based on the criteria outlined in the 2015 Guidelines for the Preparation of Country Assistance Program Evaluation and Country Partnership Strategy Final Review Validation (footnote 5). The CPSFR overall rating was based on self-assessed findings of program relevance, effectiveness, efficiency, and sustainability. The validation reviewed the portfolio using the same criteria. More than 3 years into implementation, independent evaluation finds that the strategy and program under the CPS 2012–2016 is relevant, effective, efficient, and likely sustainable. Impacts are satisfactory. The composite rating is successful. The rationale for the overall rating in this validation report is provided below.

A. Relevance

36. The CPSFR assessed the CPS 2012–2016 relevant. The validation concurs. Relevance was assessed against three main subcriteria: (i) appropriateness of CPS objectives to meet the country's needs (footnote 22) and alignment with the Long-Term Strategic Framework of the Asian Development Bank, 2008–2020 (Strategy 2020);³⁰ (ii) strategic positioning, including focus and sector selectivity and coordination with development partners, and; (iii) sector program relevance and design quality of the CPS results framework.

1. Appropriateness of Country Partnership Strategy Objectives

37. The 2012–2016 CPS was aligned with the main aims of the 7th NSEDP, 2011–2015, which were (i) continued national economic growth, with an annual average GDP growth rate of at least 8%, with GDP per capita reaching at least \$1,700; (ii) MDGs achievement by 2015 and positioning the country for eligibility to graduate from least developed country status by 2020; (iii) sustainable and inclusive economic development; and (iv) political stability.³¹ To achieve these aims, the NSEDP focused on (i) rural development and poverty reduction; (ii) enhancing economic competitiveness through increased regional cooperation and integration, investment promotion, and industrialization strategies; (iii) human resource development (HRD), with emphasis on education and health sector activities to underpin inclusive and sustainable growth;

³⁰ ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

³¹ H.E. Dr. Bounthany Sisouphanthong, Vice Minister Ministry of Planning and Investment of Lao PDR. *7th National Socio-Economic Development Plan (2011–2015)*. <http://www.un.org/en/ga/president/65/initiatives/lacs/laos.pdf>

(iv) enhancing the effectiveness of public administration; and (v) ensuring equitable rule of law.

38. To align the CPS with the NSEDP, the CPS design highlighted four thematic areas to influence the design and focus of ADB activities: (i) private sector development, (ii) governance, (iii) gender equity, and (iv) regional cooperation and integration. Private sector development was expected to support investment promotion and industrialization strategies. Governance was expected to support the government's aim of enhancing the effectiveness of public administration and ensuring equitable rule of law. The CPS's focus on education, agriculture, water supply, energy, municipal services and capacity development included gender design features, targets, and indicators to promote women's participation and access to project benefits. Gender aspects of ADB operations were designed to promote the development of rural areas and reduce poverty, thus ensuring HRD and inclusive and sustainable growth. The focus on regional cooperation and integration was expected to enhance economic competitiveness and ensure that the opportunities and benefits of regional integration reach the wider population. In the validation's view, CPS objectives were closely aligned with the objectives of NSEDP and the country's needs.

39. Strategy 2020 provided that inclusive growth, sustainable environmental growth, and regional cooperation and integration were the three pillars that anchored ADB's country strategy. Drivers of change to achieve the strategy include private sector development, governance, gender equity, knowledge solutions, and partnerships. There were five core areas to support ADB's agenda, reflecting the needs of countries and ADB's comparative strength, and complimenting the efforts of other development partners. These core areas were infrastructure, environment, regional cooperation and integration, finance sector development, and education.

40. Selected sector emphasis under the CPS 2012–2016 on water supply and municipal services, energy, and agriculture and natural resources corresponded to the infrastructure, environment, and regional cooperation and integration core areas of Strategy 2020, while emphasis on the education sector reflected strategy 2020's corresponding core area emphasis in the same sector. Subsequent modifications to the CPS program continued to adhere to country and corporate strategic objectives. In addition to being consistent with Strategy 2020, the CPS was consistent with priorities identified in the midterm review of Strategy 2020:³² (i) poverty reduction and inclusive economic growth; (ii) regional cooperation and integration; (iii) infrastructure development; (iv) private sector development and operations; (v) financial resources and partnerships; and (vi) delivering value for money. The validation found the CPS 2012–2016 objectives were relevant to Strategy 2020.

2. Strategic Positioning

41. The adoption of the Vientiane Declaration for Aid Effectiveness in November 2006 changed the structure of aid coordination in the Lao PDR, with the government increasingly taking charge of the coordination and effectiveness agendas. The declaration encouraged increased country ownership over development policies, planning, implementation and aid coordination, as well as better alignment of development partner support to national policies and plans, and increased support to and use of national systems. The declaration emphasized harmonization and simplification of development partner's procedures and activities, managing for results

³² ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

to ensure effective use of resources, and to ensure both government and development partners had mutual accountability for progress. The CPS was developed within the framework of the Declaration. Outside the Declaration, ADB collaborated with civil-society organizations to strengthen the quality, effectiveness, and sustainability of assistance.

42. As provided in the CPSFR, ADB is a significant partner in terms of funding contributions, accounting for 15% of all official development assistance in fiscal year 2011/12, second ranked to Japan; 7% in fiscal year 2012/13; and 17% in 2013/14, second ranked to the World Bank (footnote 1). Programs were coordinated with the activities of other development partners, including Thailand (an ADB upper middle-income developing member country). Out of the top 10 international development partners supporting Lao PDR, Thailand was fifth in 2013 and 2014. Most sectors had several active development partners, and the Lao Resident Mission played a significant role in the national Roundtable Meeting Process, where it co-chaired the macroeconomic working group (MWG) and the infrastructure sector working group (ISWG). The MWG was the principal forum where government and development partners discussed issues affecting the macroeconomic situation of the country, policy options and strategies for maintaining growth and stability, as well as strengthening public financial management. The MWG was chaired by the Ministry of Planning and Investment, and co-chaired by the ADB and the World Bank. ISWG was chaired by the Ministry of Public Works and Transport and co-chaired by the Embassy of Japan to the Lao PDR, ADB, and the World Bank. The ISWG had three sub-working groups focused on (i) infrastructure development; (ii) transport development; and (iii) water supply and sanitation development.

43. ADB's priority sectors in 2012 included agriculture, education, energy, industry and trade, and water supply and municipal services. The actual program was subsequently broadened to include health, PSM, and transport. Appendix 3 lists lead national development partners in the key sectors.

44. Through document review and in-field discussions, the validation found at the project level that non-profit associations and nongovernmental organizations were closely involved in project development and implementation. For example, the Greater Mekong Subregion (GMS) East-West Economic Corridor Agriculture Infrastructure Sector Project's water-user groups were instrumental in implementation.³³ In the Smallholder Development Project, rice miller groups, processor groups and trade groups worked with ADB to improve the sustainability of smallholders' commercial agriculture in four targeted provinces.³⁴ In the Nam Ngum River Basin Development Sector Project, three organizations—the Village Development Committee, the Lao Front National Committee, and the Lao Women's Union—played a range of roles in project implementation and helped the executing agency in the monitoring and evaluation of the safeguards and social development activities.³⁵ This was also the case in the Northern and Central Regions Water Supply and Sanitation Sector Project, Small Towns Water Supply and Sanitation Sector Project, Water Supply and Sanitation Sector Project, and Pakse Urban Environmental Improvement Project, where the government worked directly with civil society groups on community-driven sanitation and environmental

³³ ADB. 2013. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Lao People's Democratic Republic for the Greater Mekong Subregion East-West Economic Corridor Agriculture Infrastructure Sector*. Manila.

³⁴ ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Lao People's Democratic Republic: Smallholder Development Project*. Manila.

³⁵ ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Lao People's Democratic Republic: Nam Ngum River Basin Development Sector*. Manila.

improvements.³⁶ Given this result and the reasonable rationales for sector emphasis changes and effective coordination with development partners' programs, the validation found the CPS was generally well positioned.

3. Relevance of Country Partnership Strategy Program Design

45. The CPS results framework identified three country goals: (i) attain inclusive, private sector-led economic growth of 8% per annum; (ii) accelerate the attainment of the MDGs; and (iii) ensure the environmental and social sustainability of economic growth. The CPS results framework was prepared in accordance with ADB guidelines,³⁷ using the government indicators to measure sector outcomes to assess how far government had succeeded in achieving goals that were central to the government's NSEDP. The sector level of the results framework identified sectors directly supported in the CPS and the government outcomes to which ADB would contribute. The CPS results framework included the four core sectors, with the government's sector objectives. An indicative resource allocation was identified, with sector breakdown of the anticipated allocation.

46. From the perspective of the CPSFR, the specification and monitoring of sector performance indicators and targets in the NSEDP were weak. Revisions were made to the CPS results framework for 2013–2015, 2014–2016, and 2015–2017 in respective COBPs to make the indicators and targets more relevant and easier to measure. In validation's view, the changes made to the original CPS 2012–2016 indicators under subsequent COBPs, due to the unavailability of data, were important, responsive, and necessary to enable continued monitoring and evaluation of progress toward development outcomes. However, any changes made to actual outcomes without ADB Board approval in subsequent COBPs were ignored by the validation. These changes entailed a major change in scope and theory of change, hindering evaluation of actual progress toward ADB Board-endorsed results. Appendix 4 details CPS 2012–2016 results framework and updates.

47. Applying original outcome goals specified in the CPS 2012–2016 and subsequent revised indicators where necessary, the validation reviewed ongoing and completed grant and loan projects, programs, and TA projects through to 31 December 2015. The validation found the programs and projects delivered were broadly in line with CPS priorities, responding to stakeholder inputs, and to government priorities.

48. On the basis of the findings for the alignment of objectives, strategic positioning, and relevance of CPS program design, the validation concurs with the CPSFR that the CPS was *relevant*.

³⁶ ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Asian Development Fund Grant for Northern and Central Regions Water Supply and Sanitation Sector (Supplementary)*. Manila; ADB. 2005. *Report and Recommendation of the President to the Board of Directors: Proposed Asian Development Fund Grant for Northern and Central Regions Water Supply and Sanitation Sector*. Manila; ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Asian Development Fund Grant for Small Towns Water Supply and Sanitation Sector*. Manila; ADB. 2013. *Report and Recommendation of the President to the Board of Directors: Proposed Asian Development Fund Loan and Grant for Water Supply and Sanitation Sector*. Manila; ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Asian Development Fund Loan and Grant for Pakse Urban Environmental Improvement*. Manila.

³⁷ ADB. 2010. *Preparing Results Frameworks and Monitoring Results Country and Sector Levels*. Manila.

B. Effectiveness

49. The CPSFR rated the 2012–2016 CPS effective. The validation concurs. The validation examined the whole of sector interventions, projects and programs, thematic priorities, and knowledge products. The validation rates the 2012–2016 CPS *effective*.

1. Achievement of Project and Program Outputs and Outcomes

50. The validation found that ADB projects and programs, completed and ongoing during the CPS period, either achieved or had outputs underway that demonstrated likely achievement of outcomes.

a. Agriculture and Natural Resources

51. ADB assistance in the agriculture and natural resources sector aimed to improve rural productivity and food security. Two indicators informed progress. Paddy production was to increase from 3.1 million tons in 2009 to 4.2 million tons by 2016; and meat and fish production was to increase from 45 kilograms per person in 2010 to 53 kilograms per person by 2015.³⁸ By 2014, paddy production had increased to 4 million tons, showing the likelihood of reaching 4.2 million tons by 2016. However, meat and fish production still had not met the 2015 target in 2014, but it was only slightly short of the target and it was expected to be met by 31 December 2015.

52. **Country partnership strategy, 2012–2016, approved projects and programs.** Three agriculture and natural resources projects were approved during the CPS. ADB operational data showed the GMS Flood and Drought Risk Management and Mitigation Project approved in November 2012,³⁹ with expected completion in 2019, had initiated capacity building and knowledge transfer support to the Lao PDR National Early Warning Center to mitigate the impact of flood and drought events.⁴⁰ The GMS East–West Economic Corridor Agriculture Infrastructure Project approved in 2013 is not scheduled for completion until 2022, but has already begun to make a contribution to land management planning in the Lao PDR’s southern provinces, particularly in Savannakhet Province. Necessary land transactions have been completed with leaseholder buy-in as the first step to increasing rice yields and intensifying rice cultivation.⁴¹

53. It is too early to gauge the effectiveness of the Northern Smallholder Livestock Commercialization Project approved in November 2014. Its predecessor, the Northern Regional Sustainable Livelihoods through Livestock Development, approved in 2006, closed in March 2014. The project was found to be less than effective though results showed increases in household income from livestock and that the percentage of households owning cattle and poultry rose above project target levels. However, the PCR noted that monitoring and evaluation techniques used to measure project

³⁸ Lao PDR Country Operations Business Plan, 2015–2017 added meat and fish production as a target indicator to replace nonmeasurable or trackable river basin, natural resource and climate resilience indicators included in the CPS 2012–2016 Results Framework.

³⁹ ADB. 2015. *Greater Mekong Subregion Flood and Drought Risk Management and Mitigation Project*. Data Sheet. Manila.

⁴⁰ Information sourced from ADB. 2015. Aide Memoire Loan Review Mission (20–23 January 2015) and IED CPSFR Validation Report Lao PDR in-field mission discussion.

⁴¹ Government of the Lao PDR, Ministry of Agriculture and Forestry. 2015. *GMS East–West Economic Corridor Agriculture Infrastructure Sector Project, ADB Loan 3024 Lao (SF), Quarterly Progress Report No. 6*. Vientiane.

performance were poor and undermined the effectiveness findings. Hence the project was rated less than effective.⁴²

54. **Projects and programs approved prior to 2012.** The Smallholder Development Project approved in November 2011 is ongoing. The project provided additional financing and expanded on impacts from its 2002 predecessor project of the same name, which closed in September 2012.⁴³ The pre-2012 Smallholder Development Project met its outcome goal of improving the sustainability of smallholder commercial agriculture in the provinces of Champasak, Khammouan, Savannakhet, and Vientiane. Evidence showed the project often surpassed targets in establishing formal groups, and building rural infrastructure.⁴⁴

55. The Nam Ngum River Basin Development Sector Project, approved in 2011, has made good progress towards achieving expected outcomes.⁴⁵ Watershed landscape continuum plans for 10 districts were updated and five draft sub-basin management plans were completed.⁴⁶ Although the project was scheduled for completion in August 2015, the PCR has not yet been prepared.

56. The Northern Rural Infrastructure Development Sector project approved in 2010 is scheduled for completion in 2017.⁴⁷ The project demonstrated likely effectiveness to date with 32 water user groups being established as compared to 25 and 14 catchment management plans created as compared to 20, each respectively expected by 2017. Training and capacity building support is underway with women representing 29% of the required 30% of slots reserved for women's participation.⁴⁸

57. The GMS Biodiversity Conservation Corridors Project, approved in 2010, with completion expected in 2019, has progressed relatively well, with output advancements demonstrating success in meeting the goal of establishing sustainably managed biodiversity corridors in Champasak, Attepeu, and Sekong.⁴⁹

58. The Sustainable Natural Resource Management and Productivity Enhancement Project, approved in 2009 with completion expected in September 2016, strengthened institutional capacity at national and provincial levels to manage natural resource utilization in a sustainable manner. The draft completion report for the project prepared by the International Fund for Agriculture Development (IFAD) assessed that the outcome was achieved. Validation reviewed the draft IFAD report and through

⁴² ADB. 2015. *Completion Report: Northern Region Sustainable Livelihoods through Livestock Development Project in the Lao People's Democratic Republic*. Manila.

⁴³ Footnote 34; ADB. 2002. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance Grant to the Lao People's Democratic Republic for the Smallholder Development Project*. Manila.

⁴⁴ ADB, Southeast Asia Department. 2011. Lao PDR Smallholder Development Project Loan Review Mission. Back-to-office report (internal).

⁴⁵ ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Loan for Additional Financing to the Lao People's Democratic Republic for the Nam Ngum River Basin Development Sector*. Manila.

⁴⁶ ADB, Southeast Asia Department. 2014. Lao PDR Nam Ngum River Basin Development Sector Project. Back-to-office report (internal).

⁴⁷ ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Grant for the Northern Rural Infrastructure Development Sector*. Manila.

⁴⁸ ADB, Southeast Asia Department. 2015. Lao PDR. Northern Rural Infrastructure Development Sector Project and Northern Rural Infrastructure Development Project—Additional Financing. Back-to-office report (internal).

⁴⁹ Government of the Lao PDR, Ministry of Natural Resources and Environment. 2015. *Biodiversity Conservation Corridors Project Finance through Asian Development Bank, Grant No. 0242-Lao (SF) Quarterly Report*. Vientiane.

visits to three target beneficiary provinces (Champasak, Saravan, and Savannakhet), concurs with the effectiveness findings in the IFAD completion report.⁵⁰

59. Given the evidence of progress toward meeting outcome goals for most projects in the agriculture and natural resources sector, the validation found the CPS 2012–2016 likely effective.

b. Education

60. ADB's CPS outcome objective in the education sector was an expanded, improved, and well managed infrastructure and system. Targeted indicators included an increase in the upper secondary gross enrollment rate from 34.5% in 2011 to 40% in 2016, and an increase in the share of female enrollment in TVET and higher education from 40.0% in 2010 to 50.0% in 2016. The target rate of a 40% gross enrollment rate of upper secondary education by 2016 in the CPS results framework was exceeded in 2014 with a rate of 41.3%. The target rate of 50% in the female share of TVET and higher education enrollment in 2016 had not yet been met; a rate of 37.8% was recorded in 2012, the most recent number available. In validation's view, the target rate will likely be met by 2016.

61. **Country partnership strategy, 2012–2016, approved projects and programs.** During CPS 2012–2016, one TA project, Support for the Human Resource Development Strategy,⁵¹ was approved during the CPS study period in December 2012. It was expected to close on 31 December 2015. Capacity building, human development studies and surveys, assessment of the current HRD strategy, and an action plan for HRD had been completed and appeared to be moving constructively toward the expected outcome of an endorsed national HRD strategy.

62. **Projects and programs approved prior to 2012.** Two education projects and one program were approved before 2012 and were ongoing during CPS 2012–2016. The Basic Education Sector Development Program grant, approved in December 2006, closed in April 2014. The expected outcome was expanded and more equitable access to better quality and more efficient lower secondary education. The project surpassed most of its outcome targets, increasing the enrollment rate in lower secondary education from 54% to 64.6% (2.9% above the target); and increasing the female share in admissions to lower secondary education from 44% to 46.5% (0.5% above the target).

63. The Strengthening Technical and Vocational Education and Training project, approved in July 2010, aimed to facilitate an accessible formal vocational training system that is more responsive to labor market needs. The activities under this project are progressing well. Among other things, competency standards for 17 jobs in four occupational areas were developed; modular curricula training was developed and is being piloted in the project schools. Teacher qualification standards of four levels, and basic teacher performance assessment guides were developed and are being piloted. The project is scheduled to close in September 2016.

⁵⁰ Lao PDR. 2015. Draft Project Completion Report for Sustainable Natural Resource Management and Productivity Enhancement Project, ADB Grant No. 144 Lao (SF), and IFAD Grant No. 0145-Lao (DSF 8025-LA). Unpublished.

⁵¹ ADB. 2011. *Technical Assistance to the Lao People's Democratic Republic for Support for the Human Resource Development Strategy*. Manila.

64. The Secondary Education Sector Development Program was approved in September 2011, with the aim of enhancing equity, quality, and efficiency of secondary education.⁵² The program combines a policy program with project support. It compliments ADB support to technical education and vocational training and higher education. Though program closure is not expected until 30 June 2019, the program is on track to achieve its outcome targets. The Ministry of Education completed (i) policy action for stipend criteria for implementing needs-based and merit-based stipend programs at all post-primary levels (including interim implementation guidelines, including targets for female and ethnic group stipends); (ii) a review of existing dormitories for secondary education and their impact on equitable access; and (iii) endorsement and approval of secondary school teacher education curriculum utilization for bachelor-degree qualification. These outputs, and many others, signaled sufficient progress for release of the first tranche of ADB loan funding. Validation did not find evidence of any problem in achieving expected outputs for second tranche ADB loan funding, expected by 31 December 2016.

65. In assessing the achievement of outcomes in the education sector, validation finds the project, program, and TA undertakings effective under CPS 2012–2016.

c. Energy

66. In the energy sector, the objectives were to increase the efficient use of energy, expand renewable energy, and increase access to grid electricity. The CPS results framework provided that household access to grid electricity was to increase from 62% in 2011 to 90% in 2020; consumption was to increase from 450 kilowatt-hours in 2011 to 1,000 kilowatt-hours in 2020; and hydropower exports were to increase from 2,450 megawatts in 2010 to 5,000 megawatts by 2020. In 2013, household access to grid electricity was 87%, thus very likely to achieve the target of 90% in 2020. No other evidence on progress of indicator targets was available as of December 2015.

67. **Country partnership strategy, 2012–2016, approved projects and programs.** During CPS 2012–2016, the Nam Ngiep 1 Power Company Limited Hydropower Project, a nonsovereign loan, was approved in 2014 for the energy sector. The project aimed to promote regional power trading while also providing power domestically. There were no progress reports for this project as of 31 December 2015. No other loan or grant project was programmed for the energy sector. One sovereign TA project, GMS Nam Theun 2 Hydroelectric Project—Social Safeguards Monitoring was approved in 2008 with supplementary funding approved in October 2010, December 2012, and June 2014.⁵³ The TA and its approved funding supplements aimed to ensure effective implementation of livelihood programs on the Nakai plateau and downstream areas and project land compensation in compliance with the Nam Theun 2 concession agreement. The ongoing TA generated semi-annual reports to ADB’s Board and Management on progress of safeguard monitoring implementation.

68. **Projects and programs approved prior to 2012.** One ongoing energy sector grant project, the GMS Northern Power Transmission Project, was approved before 2012. It defined its outcome as increased access to electricity for households in the

⁵² ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Grant for the Secondary Education Sector Development Program*. Manila.

⁵³ ADB. 2014. *Technical Assistance to the Lao People’s Democratic Republic for Greater Mekong Subregion Nam Theun 2 Hydroelectric Project—Social Safeguards Monitoring*. Manila.

northern provinces. The project has progressed despite an initial delay.⁵⁴ As of the third quarter of 2015, 269 of the expected 275 foundations for the transmission line towers were completed, with 184 towers erected to date. The project exceeded its 2014 target of 6,000 poor households connected to the grid, with 7,178 poor households actually connected. The project is on track to be completed on time in June 2016.

69. The validation found evidence of progress and effective outputs that are likely to lead to sector outcome. Validation assesses ADB approved and ongoing interventions in the energy sector effective.

d. Health

70. The health sector was not one of the CPS's core sectors identified for intervention, and the outcome objectives were not identified. The sector was designated a direct beneficiary under ADB PSM interventions, particularly under improved service delivery.

71. **Country partnership strategy, 2012–2016, approved projects and programs.** Only one health sector intervention, the Health Sector Governance Program, was approved in 2015. It is too early to gauge its effectiveness. In addition, a GMS regional grant project, the GMS Capacity Building for HIV/AIDS Prevention, was approved in October 2012, with the Lao PDR as a targeted beneficiary. Evidence shows that some progress has been made in capacity building and training under the GMS project, yet no indicator baselines or targets have been recorded to evidence progress toward outcome objectives.⁵⁵

72. **Projects and programs approved prior to 2012.** ADB approved the Second GMS Regional Communicable Diseases Control Project in 2010. This was a follow-up to the GMS Regional Communicable Diseases Control Project, which was approved in 2005 and completed during the CPS period in 2014.⁵⁶ Both projects are regional with the Lao PDR as a target beneficiary. The latter project was rated effective by IED in a 2015 project performance evaluation report, with the same effectiveness finding as that in the PCR. And, while the 2010 project is still underway, the Second GMS Regional Communicable Diseases Control project is on track to achieve its intended outcome. Since the project began, 284 disease outbreaks were reported, 82% within 24 hours and 67% investigated within 24–48 hours. However, this outcome is region-wide and not specific to the Lao PDR. There is a need to disaggregate progress toward outcomes by country.

73. The validation found the effectiveness results particular to ADB's health sector interventions in the Lao PDR lacking, indicating a result of less than effective.

e. Industry and trade

74. The industry and trade sector was not one of the core sectors identified for intervention in the CPS. Nevertheless, the CPS included a results framework for the

⁵⁴ ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Grant to the Lao PDR for the Greater Mekong Subregion Northern Power Transmission Project*. Manila.

⁵⁵ ADB, Southeast Asia Department. 2014. Review Mission. Back-to-office report. 16 September–3 October (internal).

⁵⁶ ADB. 2010. *Report and Recommendation of the President: Greater Mekong Subregion Regional Communicable Diseases Control Project*. Manila.

sector. The framework provided an improved business environment for SMEs to operate as the desired outcome from ADB assistance.

75. **Country partnership strategy, 2012–2016, approved projects and programs.** ADB approved two projects and one program in the sector, namely, the Trade Facilitation: Improved Sanitary and Phytosanitary Handling in the GMS Trade Project, in 2012; the Second Private Sector and Small and Medium-Sized Enterprises Development Program Subprogram 2 and its complimentary TA loan, in 2013; and the GMS Tourism Infrastructure for Inclusive Growth, in 2014. The Lao PDR component of the 2014 GMS Tourism Infrastructure for Inclusive Growth is the third phase of ADB support to tourism in the Lao PDR.⁵⁷ Under the current project, ADB continues to fund small-scale tourism infrastructure (roads, markets) and capacity building. Achievements to date include completed tourism training for public agencies and the private sector in beneficiary provinces such as Champasak, on tourism entrepreneurship including hotels and restaurant management, tourist site preservation, marketing local products, heritage preservation awareness, and agriculture tourism.

76. The 2013 Second Private Sector and Small and Medium-Sized Enterprises Development Program Subprogram 2 and its complimentary TA loan is the third phase of ADB funding provided since 2009. The program loan closed in 2014 and there was no PCR. The aim is to create a more conducive business environment for SMEs. Result indicators demonstrate improvements and likely attainment of the outcome objective. A reduction to 30 days in the time it takes to register a business indicates an improvement. However, the time fell short of the expected 15 days maximum. The target outcome of women-owned enterprises accounting for 48% of all formal registered enterprises was surpassed, with a total of 53%. The TA loan under the program is ongoing and should achieve its outcomes.

77. In addition to the 2013 program, there were two complimenting TA projects. Under a 2012 ongoing TA project, Implementing Regulatory Impact Assessment, regulatory impact assessment (RIA) systems were institutionalized, establishing a legal framework, and making RIA systems mandatory across government. The TA Support for Post-Private Sector and Small and Medium-Sized Enterprises Development Program Partnership Framework that closed in June 2014 was assessed effective. The TA project successfully reached its articulated outcome. This was the implementation of key policy measures identified and agreed under the post-program partnership framework. The TA completion report evidenced that most of the planned outputs were satisfactorily achieved. A pilot RIA unit at the Ministry of Industry and Commerce was set up and contributed to RIA being implemented across government. Focal inquiry points were established at Ministry of Industry and Commerce on trade policy and facilitation, and significant capacity building support was provided for Department of Foreign Trade Policy. A policy framework for technology and innovation was prepared and discussions were held with the government on steps to be taken to strengthen the accounting profession. However, capacity constraints have delayed implementation of the framework.

78. The Trade Facilitation: Improved Sanitary and Phytosanitary Handling Project resulted in the preparation of three curricula on plant health, animal health, and food safety. The Faculty of Agriculture–National University of Laos also increased its capacity and was able to double student enrollment from 45 to 90. Pest lists for major agriculture produce were completed and the government signed bilateral market

⁵⁷ In 2008, there was Greater Mekong Subregion Sustainable Tourism Development Project (Grant 117); and in 2003, GMS Mekong Tourism Development Project (Loan 1970).

access memorandum of understandings with the People's Republic of China and Thailand, providing market access for Lao PDR's plant product exports.

79. **Projects and programs approved prior to 2012.** Only one industry and trade sector program approved prior to 2012 was ongoing during CPS 2012–2016. The Lao PDR component of the 2008 GMS Sustainable Tourism Development Project was completed in 2014, and the expected outcome of sustainable tourism development that creates livelihood opportunities for the poor has been achieved. The project created economic opportunities linked to tourism for 38,350 direct and more than 150,000 indirect beneficiaries in poorer areas and contributed to a 108% average increase in tourist arrivals and 26% more spending by tourists in project areas.

80. Validation's review of all information and evidence to date indicates that most industry and trade projects are achieving outcomes, and outputs are underway that are likely to achieve further outcomes. As a result, the ADB intervention in the industry and trade sector is assessed effective.

f. Public Sector Management

81. The PSM was not one of the core sectors identified for intervention in the CPS. The CPS indicated that only TA was expected to be allocated to the sector without a specific pipeline for implementation during CPS 2012–2016. However, a results framework was provided for the sector. The framework provided a series of planned sector outcomes that included (i) an efficient and accountable public sector; (ii) public financial management capacity strengthened; and (iii) improved service delivery in key sectors such as education, health, and infrastructure. Indicators included corruption, public expenditure and financial performance measurement scores, and budget predictability markers. Specific quantitative indicators were not identified. Subsequently in the ADB country operations business plan, 2015–2017, one indicator was identified—increasing the number of officials trained at sub-national levels from 11% (including 24% women) in 2011 to 50% (including 30% women) by 2016.

82. **Country partnership strategy, 2012–2016, approved projects and programs.** During the CPS, two loan programs were approved. The Governance and Capacity Development for Public Sector Management Program—Subprograms 1 and 2, whose intended outcome is to strengthen national and subnational PSM by (i) implementing multiyear budgeting and intergovernmental fiscal relations; (ii) strengthening civil service capacity at the central and subnational levels, including gender-responsive capacity; and (iii) strengthening investment management capacity in the public sector for private sector investments and identifying potential public–private partnership arrangements. Subprogram 1 was completed and there is no PCR. Evidence shows that some progress was made with all three objectives. Subprogram 2 is ongoing.

83. **Project and programs approved prior to 2012.** One PSM program was ongoing during the CPS, the Second Private Sector and Small and Medium-Sized Enterprises Development Program—Subprogram 1, approved in 2011. This program was completed in January 2012 and there is no PCR. The project was effective in providing a necessary and strong foundation for the follow-on program discussed in para. 76 under industry and trade sector effectiveness. The program's outcome objective was improved business environment for SMEs. ADB supported the Department of Enterprise Registration in developing the enterprise registration framework. By the end of 2012, more than 91,000 enterprises were registered, compared with about 45,000 in 2009.

84. Given evidence of some progress on outputs and outcomes, the validation assesses ADB projects in PSM likely effective.

g. Transport

85. The transport sector was not one of the CPS's core sectors identified for intervention, and no output or outcome objectives were identified. The sector accounted for 9% of the actual loan and grant portfolio.

86. **Country partnership strategy, 2012–2016, approved projects and programs.** One transport sector project, the Vientiane Sustainable Urban Transport Project, was approved on 10 March 2015. The project is ongoing and it is too early to assess the project's effectiveness.

87. **Projects and programs approved prior to 2012.** Two transport projects were approved in 2010, with one receiving supplementary financing. The Second Northern GMS Transport Network Improvement Project was approved on 25 November 2010. Its predecessor, the Northern GMS Transport Network Improvement Project, received approval for additional financing on 26 April 2010 to cover costs from the original project approved in 2007.

88. The Second Northern GMS Transport Network Improvement Project is scheduled for completion on 31 December 2018. The project aims to make transport across the Lao PDR–Viet Nam border and on the GMS Northeastern Corridor more efficient. Despite delays, the project has progressed with civil works underway on road surfacing, bridges and culverts on Routes 6A and 6B. Civil works are scheduled to begin in 2017 on Route 6, the road crucial to achieving the objective of the project.

89. The Northern GMS Transport Network Improvement Project closed on 30 June 2014, with the outcome objective of enabling efficiency of transport on regional and national road networks. A PCR for the project was published in December 2015. Evidence shows the project met its outcomes. All sections of route 4 and upgrading of rural access roads, road maintenance contracts and activities, road safety awareness, and the health awareness component on transmitted diseases such as the human immune virus were completed.

90. The Roads for Rural Development Project was approved in 2004, and the project closed in 2013. The project aimed to increase access to all-year-round transport that is reliable, affordable, and safe in remote rural regions. Results include upgraded roads, expanded transport services, reduced vehicle operating costs, and completed and regular road safety audits. The PCR, completed in March 2014, rated the project effective and a PVR agreed with the effectiveness assessment. The validation also found that project results demonstrate project effectiveness.

91. Given evidence of output progress and achievement of outcomes, the validation assessed ADB interventions in the transport sector effective.

h. Water Supply and Municipal Services

92. The CPS outcome for the sector was increased access to safe water supply, sanitation, and other urban services in towns along economic corridors. Three projects and one TA were approved during CPS 2012–2016. Expected outcomes included (i) increased access to clean water for 80% of the population in 2015 (compared with

70% in 2011), and (ii) increased access to pour flush latrines for 60% of the population in 2015 (49% in 2007). In 2015, it was estimated that 76% of the population had access to clean water, and 59% of the population had access to pour flush latrines.

93. **Country partnership strategy, 2012–2016, approved projects and programs.** Three projects and one TA were approved during the CPS. All these projects are ongoing. The Water Supply and Sanitation Sector Project, approved in 2013 with expected completion in 2022, aims to improve access, quality and reliability of the piped water supply and sanitation services for residents in targeted small towns. The Pakse Urban Environmental Improvement, approved in June 2012 with completion expected by 2022, has an outcome of increased quality, reliability, and coverage of urban infrastructure and environmental improvements in the greater Pakse urban area. The GMS East–West Economic Corridor Towns Development Project, approved in November 2012 with completion expected in June 2019, has as its outcome objective essential urban infrastructure and services in Kaysone Phomvihane, Phine, and Dansavanh. The 2014 TA Strengthening Capacity in Urban Water Supply and Sanitation Management, with completion expected in 2017, aims to strengthen capacity in water supply and sanitation management for improved efficiency in municipal water use. The TA and the three ongoing projects are expected to achieve their respective outcomes.

94. **Project and programs approved prior to 2012.** The Northern and Central Regions Water Supply and Sanitation Sector Project, approved in 2010, was supplementary to the 2005 approved Northern and Central Regions Water Supply and Sanitation Sector Project. The projects aimed to improve water supply services and sanitation, including drainage, in the project towns. The combined PCR reported that the intervention was highly effective in achieving its outcome. Around 96,036 residents in 12 target towns obtained access to safe piped water in 2013, compared with 84,000 residents projected upon completion. Dependence on unsafe and inconvenient water sources was drastically reduced to 3% of households in the target communities in 2013, compared with 20% projected by 2015. In the target towns, 99% of the population had access to sanitation facilities in 2013, compared with 80% projected by 2015. The ongoing Small Towns Water Supply and Sanitation Sector Project, approved in 2009 with completion expected by 2018, aimed to improve access, quality, and reliability of piped water supply and sanitation services for residents in target small towns. Evidence shows that this project helped to achieve CPS sector outcomes.

95. In validation’s view, ADB assistance to the water and urban infrastructure sector was effective.

2. Achievement of Thematic Priorities

96. In terms of achievement of CPS 2012–2016 thematic outcomes, the validation rated private sector development, governance, gender equity, and regional cooperation and integration effective.

97. **Private sector development.** Private sector development was expected to support investment promotion and industrialization strategies. Under CPS 2012–2016, IED found that ADB support to private sector development has been effective, although many initiatives are ongoing. ADB has made some progress on the development of regulations that improved the enabling environment for the private sector and SMEs. Its support to the government’s public–private participation framework under the ongoing Governance and Capacity Development Program has assisted the government in improving its public–private partnership arrangements in hydropower. The latter is seen in the Nam Ngiep 1

Hydropower Project. This is supported by ADB through nonsovereign loan financing, with Kansai Electric, the Electricity Generating Authority of Thailand International, and the Lao Holding State Enterprise partnering to export power to Thailand by 2019, as well as supply power domestically. ADB's support with a TA loan under the ongoing Second Private Sector and Small and Medium-Sized Enterprises Development Program, Subprogram 2 has brought about improved enterprise registration. This, along with current TA support under the Mekong Business Initiative,⁵⁸ appears to be making a contribution to increased business formalization in Mekong countries through an improved business-enabling environment for SMEs.

98. While ADB's interventions under the CPS 2012–2016 have contributed to private sector development in Lao PDR, private sector growth remains challenged. This is underscored by the findings of enterprise surveys in 2011 and 2013⁵⁹ mentioned in the CPSFR, where it is reported that only 6% of the small enterprises surveyed in 2011 had grown into medium-sized or large enterprises by 2013. Similarly, only 2% of the medium-sized enterprises surveyed in 2011 had grown into large enterprises by 2013, with 46% shrinking to small enterprises over the same period. Nevertheless, validation rates ADB's efforts to develop the private sector effective, although firm results will take a number of years to eventuate.

99. **Governance.** Governance was expected to support the government's aim of enhancing the effectiveness of public administration and ensuring equitable rule of law. The validation found that the Governance and Capacity Development in Public Sector Management Program supported the government's reforms in public financial management and public administration and inter-governmental reforms to strengthen the role of districts in service delivery. Nevertheless, the implementation of reforms by the line ministries remains a challenge. In the urban water supply and sanitation projects, ADB helped to improve financial management and governance of water utilities through preparation of three-year rolling corporate plans and assisted in reforming state-owned enterprises. ADB also helped to strengthen the capacity of the water supply regulatory committee and its office in urban water supply regulation through the Strengthening Urban Water Supply Regulation TA. Through the Water Supply and Sanitation Sector Project and the Urban Water Supply and Sanitation Management capacity development TA, ADB is continuing to support the government, the regulatory committee, and provincial water utilities in their efforts. Similarly, ADB is helping to improve financial management and governance of urban development administration authorities, starting with Pakse under the Pakse Urban Environmental Improvements Project. According to the PCR for the Northern and Central Regions Water Supply and Sanitation Sector Project, the Water Supply Regulatory Committee and Water Supply Regulatory Office were established, along with annual budgets. The Water Supply Regulatory Office undertakes a 3-yearly tariff review, annual benchmarking exercises, and prepares operating and maintenance guidelines and the annual report. Sector regulation and tariff-setting procedures were set down in the 2009 Water Supply Law. Given all results to date, validation rates the governance thematic priority effective.

100. **Gender equity.** Gender aspects of ADB operations were designed to promote the development of rural areas and reduce poverty, thus ensuring HRD and inclusive and sustainable growth. Under CPS 2012–2016, ADB mainstreamed gender through project-specific output targets, activities and gender action plans. The Secondary Education Sector Development Program mainstreamed gender by allocating 50% of dormitory spaces and scholarships to girls from poor households. The Strengthening Technical

⁵⁸ ADB. 2014. *Technical Assistance for the Mekong Business Initiative*. Manila.

⁵⁹ GIZ. 2014. *HRDME Enterprise Survey 2013 for the Lao PDR*. Vientiane.

and Vocational Education Project was designed to address key constraints to girls' access to TVET and included a gender action plan to facilitate and promote increased girls' participation and benefits from the project. Under the Small Towns Water Supply and Sanitation Sector Project, a grant from the Gender and Development Cooperation Fund supported engineering scholarships for female high school graduates, a mentoring group for females interested in water supply and sanitation, an internship program with the project, and gender mainstreaming in corporate plans.⁶⁰ Gender mainstreaming efforts in project management, community activities, sector development and provincial water supply utility operations led to the inclusion of a separate goal on gender mainstreaming in the government's Urban Water Supply and Sanitation Strategy. The Pakse Urban Environmental Improvement Project provided internships for college/university students interested in attaining practical experience during their academic studies (50% of recipients are to be women).

101. SME development programs such as the Second Private Sector and SME Development Program supported policy reform to create an enabling environment for women entrepreneurs and to increase their access to a range of resources, including finance and training. However, policy measures that promoted women entrepreneurs were limited to only the first output (implementation of SME policy and access to services) in Subprogram 1. Subprogram 2 also included policy measures to promote women entrepreneurs, and cover all outputs. As a result, the Second Private Sector and SME Development Program increased enterprise registration from about 35,000 in 2008 to over 91,000 by the end of 2012, with more than 50% individual enterprises owned by women. ADB supported the government in preparing and disseminating the country's first strategy for the advancement of women in the public works and the transport sector. The strategy promoted gender inclusive road infrastructure development and increased women's access to essential services and markets through improved roads and rural and urban connectivity, as well as employment for women in civil works maintenance.

102. In validation's view, gender issues were adequately mainstreamed in projects and programs. It rates the gender equity thematic priority effective.

103. **Regional cooperation and integration.** The focus on regional cooperation and integration was expected to enhance economic competitiveness and ensure the opportunities and benefits of regional integration reach the wider population to achieve inclusive growth. Lao PDR was one of six countries in 1992 that established the GMS Economic Cooperation Program as an activity-based subregional economic cooperation program.⁶¹ Under the 2012–2016 CPS, GMS activities directly benefitting the Lao PDR shifted from emphasis on hydropower and power transmission to corridor and border-town development, TVET, and other important educational training projects with significant regional dimensions.⁶²

104. Increased sustainable agriculture is a sector outcome under the GMS results framework. ADB financed the GMS Flood and Drought Risk Management and

⁶⁰ A. Jain. 2015. *Pink Pipes and Tea Servers: Transforming Women's Role in Water Utilities* [PowerPoint Slides from Stockholm International Water Week]. Stockholm; Asian Development Blog. 2013. Pink Pipes and Tea Servers: Challenging women's role in water utilities. <http://blogs.adb.org/blog/pink-pipes-and-tea-servers-challenging-women-s-role-water-utilities>

⁶¹ The six GMS countries include the Lao PDR, Cambodia, the People's Republic of China, Myanmar, Thailand, and Viet Nam.

⁶² Independent Evaluation Department. 2015. *Thematic Evaluation Study: Asian Development Bank Support for Regional Cooperation and Integration*. Manila: ADB; ADB. 2015. *Asian Economic Integration Report 2015: How can Special Economic Zones Catalyze Economic Development?* Manila.

Mitigation Project, the GMS Biodiversity Conservation Corridors Project, and the GMS East–West Economic Corridor Agriculture Infrastructure Sector Project. These projects are ongoing, yet each has already started to make a contribution to desired outcomes, including (i) increased resilience to climate change, (ii) operational science-based regional safety standards, and (iii) increased access to information and communications. The GMS Flood and Drought Risk Management and Mitigation Project has started to provide support to the Lao PDR National Early Warning Center to improve preparedness in order to manage and mitigate the impacts of climate change events such as floods and droughts. The GMS Biodiversity Conservation Corridors Project has begun the groundwork for land use planning and land use certificates in 43 villages. The GMS East–West Economic Corridor Agriculture Infrastructure Sector Project has shown some success in improving the sustainability of smallholder commercial agriculture in establishing formal groups, and building rural infrastructure at subnational levels in economic corridors and border towns. Although these projects are being implemented in several GMS countries, the Lao PDR components show solid contributions to select GMS program results, with likely impacts that increase economic growth, reduced poverty, and environmental sustainability across the GMS.

105. In the industry and trade sector, as it relates to regional integration, ADB financed the GMS Sustainable Tourism Development Project, piloting a model for sustainable tourism development projects for protecting the environment and cultural heritage in Siphandone Wetlands and Vang Vieng. Project results indicate the effectiveness of increased tourism with reduced negative impacts, an intended outcome under the GMS Program Results Framework.⁶³

106. The Improved Sanitary and Phytosanitary Project produced pest lists for Lao PDR's major agriculture produce, resulting in the government signing a bilateral market access memorandum of understandings with the People's Republic of China and Thailand that provides market access for Lao PDR's plant product exports.

107. The validation also found that the Northern GMS Transport Network Improvement Project facilitated regional cooperation and increased economic growth in the GMS by improving the national highway linking the Louangphabang area with the Lao PDR–Thailand border. Improvement of the road increased exports to Thailand of agricultural goods produced in the area and increased tourism from Thailand to Louangphabang.⁶⁴ ADB has been effective in regional cooperation and integration through its assistance in the transport sector, resulting in significant economic development.

108. ADB assistance under the CPS 2012–2016 had a regional perspective, and made a contribution toward achieving GMS Program outcome objectives and outcome objectives under the CPS 2012–2016. Validation rates the regional cooperation and integration thematic priority effective.

3. Achievement of Knowledge Outputs and Outcomes

109. The validation reviewed the CPSFR's sample of key knowledge products and services that were produced with substantial ADB involvement. In addition, the resident mission co-chairs the national macroeconomic working group and

⁶³ ADB. 2011. *The Greater Mekong Subregion Economic Cooperation Program Strategic Framework 2012–2022*. Manila.

⁶⁴ ADB. 2015. *Completion Report: Northern Greater Mekong Subregion Transport Network Improvement Project in the Lao People's Democratic Republic*. Manila.

infrastructure sector working groups, regularly engaging with the government and development partners to provide demand-driven knowledge support in a number of areas. These include public expenditure and fiscal management reforms, public financial management, anticorruption, decentralization, public administration, and infrastructure planning, financing, implementation and management. The Lao Resident Mission, together with ADB's Economic Analysis and Operational Support Division, updates critical constraints to growth analysis to provide useful diagnostics for the national macroeconomic sector working group. The resident mission also actively participates in other sector and thematic working groups that are relevant to ADB's operations, and collaborates with national institutions on Asian Development Outlook research and country program monitoring. ADB knowledge support for the GMS Tourism Working Group has been anchored in the resident mission since mid-2014. ADB's knowledge products were used to support the government's preparation of the seventh and eighth NSEDPs. The validation found ADB's knowledge products effective.

4. Effectiveness Rating

110. The validation examined the whole of sector interventions, project and program, thematic priorities, and knowledge products. The validation rates the 2012–2016 CPS *effective*.

C. Efficiency

111. The CPSFR rated the 2012–2016 CPS efficient. The validation concurs. The assessment of efficiency is based on the performance of the CPS program's costs versus benefits, relative to original objectives and least-cost alternatives, and efficiency of project start-up and resource utilization (disbursement performance) by the portfolio of loans and grants.

112. **Economic efficiency.** A total of 19 loans and grants, and 11 TA projects were completed during the CPS 2012–2016 period. Appendix 5 details all projects and TA completed during the CPS period. Within this total, there were eight PCRs (representing about 8% of the portfolio), for which economic internal rates of return were recalculated for four projects at project completion. Four PCRs in the water, transport, and agriculture and natural resources sectors calculated economic internal rates of return and they all exceeded the 12% threshold.

113. The efficiency of the four other completed projects was assessed in terms of whether they were implemented and delivered in a cost-effective and time-efficient manner. With the exception of one agricultural loan and one health loan, the PCRs rated them efficient.

114. **Process efficiency.** The performance of the implementation of the active portfolio over 2012–2016 was generally satisfactory. The average time from approval to signing of legal documents for loans improved from 2 months in 2012 to 1 month by March 2015; similarly, from 1.5 months to 1.1 months for grants; and stayed about the same for TA projects at 1.5 months. Average time from signing to effectivity for loans also improved from 2.6 months in 2012 to 1.5 months by March 2015. For grants, average time improved from 2.8 months to 2.4 months. Loans covenants were generally complied with based on six PCRs prepared during 2012–2016.

115. Validation notes that ADB appeared to have adjusted project and program designs in response to the finding in the 2010 CAPE that ADB's assistance to the Lao PDR generally failed to address a systematic problem of poor implementation capacity in executing agencies and undue complexity in the design and implementation arrangement in projects. Lao PDR project and program design in 2010 and post-2010 have expanded implementation periods. Performance of the implementation of the active portfolio over 2012–2016 was better than ADB processing and disbursement averages (footnote 25).

116. In terms of disbursement, the overall portfolio performed well over the CPS period up to 2014, and maintained performance ratings above ADB-wide benchmarks. The disbursement ratio for loans improved from 5.6% in 2012 (implying an implementation period of 17 years) to 14% in 2014 (implying an implementation period of 7 years), and 24.8% in 2012 to 26% in 2014 for grants. The disbursement ratio ADB-wide was 18.8% in 2014. The percentage of projects rated on-track was 87.5% in 2012, compared with 50% ADB-wide. On-track ratings increased to 89.5% of the portfolio in 2015, compared with 80.2% ADB-wide. In 2014, there were only two projects rated as potential problems and no projects rated at risk, compared with 5% of projects rated at risk ADB-wide. In the first 6 months of 2015, portfolio performance declined slightly, with one project being an actual problem and three projects rated as potential problems.

117. **Efficiency rating.** The validation found that the CPS program has been implemented cost-effectively, and the overall portfolio performance has been efficient. Given that there were few PCRs or other evaluations on which to assess efficiency, evidence that was available suggests that the CPS program is *efficient*.

D. Sustainability

118. The CPSFR rated the CPS likely sustainable. The CPSFR noted and the validation confirmed that recurrent costs, though challenging, were being addressed. Operating and maintenance financial and institutional arrangements were successfully established and there was strong policy reform ownership by the government. However, validation notes that while ADB support has not gone to hydropower development on the Mekong River, there are issues with regard to the environmental sustainability of the country's focus on Mekong River hydropower exports. In validation's view, there is a clear need for caution from ADB in contemplating any future hydropower support. ADB needs to continue focus on safeguards, such as that under the TA project GMS Nam Theun 2 Hydropower Project: Social Safeguards Monitoring and relevant safeguard (environmental and social) capacity building to further augment the sustainability of ADB's existing hydropower projects. Environmental sustainability is a major concern, with continued robust growth fueled by hydropower exports. Nonetheless, in the absence of main stem Mekong River hydropower project support from ADB, and, given the sustainability ratings in project evaluation reports and discussions in the field, the validation rates the 2012–2016 CPS *likely sustainable*.

119. Project validation ratings and in-field discussions for the Basic Education Sector Development Program and the Health System Development Project show that the projects are likely sustainable. IED found that the government continues to emphasize the education and health sectors and exhibits strong ownership of policy reforms and sector enhancement supported under the relevant interventions.

120. In the water sector, a PCR rated the Northern and Central Regions Water Supply and Sanitation Projects likely sustainable. Operations and maintenance manuals and tariffs were increased to allow provincial water supply companies to cover their full costs of service.

121. The PVR and PCR rated the Roads for Rural Development Project likely sustainable in view of the implementation of a road maintenance fund and annual budget allocations to provincial governments for rural road maintenance. Most project road sections were being maintained under the 3-year performance-based contracts for periodic and routine maintenance under supervision of the respective provincial departments of Public Works and Transport.

122. The PCR rated the Northern Region Sustainable Livelihoods through Livestock Development Project less than likely sustainable. There was less supervision of the project in the districts, and with present lending terms and cost structure, the village livelihood fund was unlikely to sustain operations unless the national and provincial governments agreed to provide a continuing subsidy to cover District Lao Women's Union's operational costs.

123. The PCR rated the Rural Finance Sector Development Program likely sustainable for the program component. The regulatory framework that was in place for rural and microfinance provided appropriate oversight of licensed microfinance providers. The institutional capacity of the Bank of Lao PDR was strengthened at the national level, although more capacity building of the Bank's provincial branch offices was needed, particularly in the area of supervision. The project component was rated less likely sustainable. High turnover among senior management threatened the sustainability of the project as much of the capacity building provided under the project loan was lost.

124. Based on the sustainability ratings in the PVRs, PCRs, and discussions in the field, the validation rates the 2012–2016 CPS *likely sustainable*.

E. Development Impact

125. The CPSFR rated the CPS' development impact satisfactory. The validation concurs.

126. **Inclusive, private sector-led economic growth.** The CPSFR stated that ADB assistance in the agriculture and natural resources sector contributed to achievement of the country's development goals in terms of rural productivity and food security. It noted that the education, energy, water supply and municipal services, and industry and trade sectors contributed as well. However, the CPSFR provided little evidence to support the claim that ADB assistance contributed to achievement of the country's development goals, particularly how ADB promoted inclusiveness and encouraged private sector investment.

127. **Accelerate the attainment of the Millennium Development Goals.** For the first MDG (Eradicate hunger and poverty), the CPSFR stated that the CPS contributed significantly through its multi-faceted approach and all sectors in which ADB undertook projects and programs and contributed to CPS outcomes. The CPSFR could have mentioned that the focus of ADB interventions was in the rural areas where the greatest poverty is found. It was here that ADB interventions had the most direct impact on income inequality. For the second MDG (Achieve universal primary education), the CPSFR stated that Lao PDR has made steady progress and is close to

achieving the national target of 98% net enrollment for both girls and boys for primary education. However, the 2012–2016 CPS moved its focus from primary education to secondary and higher education and TVET, complementing assistance for primary education provided by other development partners. For the third MDG (Promote gender equality and empower women), substantial gaps still exist between the genders in education and employment. The gender issue requires committed leadership and political will to trigger social change.

128. The fourth MDG (Reduce child mortality) target has already been achieved for the reduction in under-five mortality rates and is on track to reach the target for reduced infant mortality. The fifth MDG (Improve maternal health) has not been achieved and Lao PDR has one of the highest maternal mortality ratios in the region. With respect to the sixth MDG (Combat HIV/AIDS, malaria and other diseases), HIV prevalence in the Lao PDR is low and the incidence and mortality of malaria is in steep decline. The country already met the 2015 targets for incidence, prevalence, and mortality rates for tuberculosis. In CPSFR's view, the CPS addressed the issue of disease control through the GMS regional communicable diseases control project and the GMS capacity building for HIV/AIDS prevention project. Validation concurs that these two projects likely had an impact.

129. In terms of the seventh MDG (Ensure environmental sustainability), ADB supported natural resources management, biodiversity conservation, and drought and flood risk management, all of which contributed to ensuring environmental sustainability and helped increase access to safe drinking water and sanitation facilities. Given the number of interventions for protecting the environment, ADB likely had a substantial positive impact of the environment, in validation's view. With respect to the eighth MDG (Develop a global partnership for development), Lao PDR made great strides toward integration into the global economy and became the 158th member of the World Trade Organization in February 2013. During the 2012–2016 CPS period, ADB assistance contributed to the development of the GMS economic corridors through subregional infrastructure and associated software elements that will help Lao PDR integrate into the GMS. The GMS Strategic Framework (2012–2022) and the related GMS Regional Investment Framework Implementation Plan include prioritized investment and TA projects for guiding the development of transport, energy, agriculture, environment, human resources, tourism, urban development, transport and trade facilitation, and information and communications technology, and other multisector/cross-border economic zones. In validation's view, ADB's involvement in promoting global partnerships was significant.

130. **Ensure environmental and social sustainability of economic growth.** As noted in the discussion of the seventh MDG in para. 129, environmental sustainability was at the core of interventions in the natural resources sector, and the education, health and livelihoods interventions contributed to the achievement of social sustainability. Social safeguards procedures in ADB projects and programs were implemented satisfactorily, and the CPSFR gave the example of the GMS Biodiversity Conservation Corridors Project, where land use planning and land use certificates were issued to 43 villages. The project also enhanced ADB and government partnerships with civil society organizations to deliver more inclusive and sustainable growth and poverty reduction.⁶⁵ The validation concurs with the CPSFR conclusion that ADB assistance had a significant impact in poorer communities, including remote ethnic communities, and in gender equality.

⁶⁵ ADB. 2014. *Support for ADB-Civil Society Cooperation in the Lao PDR*. Consultant's report. Manila.

131. In terms of sector level impacts, institutional impacts, and unintended outcomes, impact ratings of completed projects ranged from significant for the North and Central Regions Water Supply and Sanitation Project, Rural Finance Sector Development Program, Health Sector Development Project, and Basic Education Sector Program to moderate for the Roads for Rural Development Project, and the Northern Region Sustainable Livelihoods through Livestock Development. The CPSFR did not note, nor did the validation find, any unintended outcomes and impacts, including unintended safeguard impacts from ADB's support or unplanned institutional impacts, whether positive or negative.

132. The CPSFR rated the CPS' development impact satisfactory. In validation's view, ADB made a substantial contribution to economic growth and poverty reduction and contributed to the achievement of key sector targets. Environmental and other safeguard impacts of ADB assistance were generally positive. Therefore, validation concurs that the development impact of ADB support was *satisfactory*.

F. ADB and Borrower Performance

133. **ADB performance.** The CPSFR noted that ADB performance in the PCRs of completed projects ranged from highly satisfactory to satisfactory. ADB supervision of projects was generally satisfactory and client response to supervision by resident mission staff was positive. Average supervision intensity was between 19 and 29 staff days per year per project during the CPS period.

134. The CPSFR noted that in 2012–2014 ADB was among Lao PDR's top-10 development partners in terms of disbursements in agriculture and rural development, education, health, infrastructure, natural resource management and environment, and trade and development.⁶⁶ ADB supervised project implementation well and took a leading role in policy dialogue within the government's aid management framework. The resident mission was effective in providing local management. The CPSFR concluded that ADB's performance was satisfactory.

135. Lessons of the 2010 CAPE (footnote 25) had noted that ADB's actual delivery on harmonization and coordination outcomes was constrained by limited human resources, particularly technical experts, to actively participate in sector policy dialogues. Support for the strengthening of country systems was not always an integral element of sector assistance, and key initiatives relevant to this goal, such as public finance reform, were sometimes treated as stand-alone efforts rather than being integrated into all-sector programs. Internal resource constraints often limited staff participation in the many sector-level aid coordination meetings. The CPSFR did not address these issues or determine whether these were still problems in the post-2010 period.

136. The CPSFR also did not comment on project performance monitoring and evaluation, which is often an issue during project implementation and at completion. In all cases, project performance monitoring and evaluation systems are required and covenanted in the loans conditions. Although project performance monitoring and evaluation systems are usually established, they are often poorly designed and implemented. Assessments of development impact and economic efficiency by way of

⁶⁶ Department of International Cooperation, Ministry of Planning and Implementation. 2014. Foreign Aid Implementation Report (FAIR) FY2013/14 (draft).

economic benefits generated by projects often cannot be made on the basis of the information in these systems. In validation’s view, ADB did not pay sufficient attention to the design and implementation of performance monitoring and evaluation systems when supervising projects. This is not an issue just for the Lao PDR, but is ADB-wide. Nevertheless, validation concurs with the CPSFR’s rating of *satisfactory*.

137. **Borrower performance.** The CPSFR’s rating of borrower performance was based on the PCRs of projects where borrower performance was either satisfactory or highly satisfactory. It did not include the Northern Region Sustainable Livelihoods through Livestock Development Project in its review, although it was also satisfactory, according to the PCR. The PCRs did not identify any substantial issues that affected project preparation or implementation from the borrower’s perspective. The CPSFR noted that the government’s engagement with development partners, including ADB, was strong even though the nature of the engagement is changing because of the decline in official development assistance. The cooperation between the government and ADB in the preparation of the CPS and government sector and national plans was satisfactory. The CPSFR rated overall borrower performance *satisfactory*. Validation concurs.

G. Overall Assessment

138. The CPSFR rated the overall performance of the 2012–2016 CPS and the associated program successful. The validation report’s composite rating of the performance is *successful* with a composite score of 2.0.⁶⁷ Justifications for ratings are presented in the table.

Ratings Comparison between Country Partnership Strategy Final Review and Independent Evaluation Department Validation Report

| Evaluation Criteria | CPSFR Ratings | Validation Ratings | Reasons for Rating Deviations |
|-------------------------|--------------------|--------------------|-------------------------------|
| Relevance | Relevant | Relevant | |
| Effectiveness | Effective | Effective | |
| Efficiency | Efficient | Efficient | |
| Sustainability | Likely sustainable | Likely sustainable | |
| Development impacts | Satisfactory | Satisfactory | |
| Overall rating | Successful | Successful | |
| ADB performance | Satisfactory | Satisfactory | |
| Borrower performance | Satisfactory | Satisfactory | |
| Self-evaluation quality | NA | Satisfactory | |

ADB = Asian Development Bank, CPSFR = country partnership strategy final review, NA = not applicable.
Source: ADB Independent Evaluation Department.

⁶⁷ The performance is based on five assessment criteria with following weights: relevance (20%), effectiveness (20%), efficiency (20%), sustainability (20%), and development impact (20%). The ratings for ADB and borrower performance are not included in arriving at the composite score for the overall assessment.

Conclusion and Assessment of Quality of the Self Evaluation

139. The CPSFR was coherent, concisely written, and based on facts that were drawn from various documents, including the 2012–2016 CSP and COBPs. The facts were presented in their correct context. The CPSFR was generally candid but the lessons and recommendations could have been better linked to the findings in the text. The evaluation criteria were well understood and were applied in the prescribed manner.

140. The validation report rates the CPSFR *satisfactory* and has no further comment on the quality of the document.

Appendixes

APPENDIX 1: ADB COUNTRY PORTFOLIO FOR THE LAO PEOPLE'S DEMOCRATIC REPUBLIC, 2012–2016

Table A1.1: ADB Grants and Loans Approved, 2012–2016

| Loan/ Grant No. | Project Name | Approval Date | Approved Closing Date | Approved Amount (\$ million) | Performance/ Rating/ Status |
|--|---|---------------|-----------------------|------------------------------|-----------------------------|
| Agriculture, Natural Resources, and Rural Development | | | | | |
| 1. L3198 | Northern Smallholder Livestock Commercialization | 24 Nov 14 | | 21.00 | Ongoing |
| 2. L3024 | Greater Mekong Subregion East–West Economic Corridor Agriculture Infrastructure Sector | 20 Sep 13 | | 60.00 | Ongoing |
| 3. L2936 | Greater Mekong Subregion Flood and Drought Risk Management and Mitigation Project (LAO/VIE) (SF) | 6 Nov 12 | | 24.00 | Ongoing |
| G0316 | Greater Mekong Subregion Flood and Drought Risk Management and Mitigation | 6 Nov 12 | | 12.50 | Ongoing |
| | Subtotal | | | 117.50 | |
| Energy | | | | | |
| 4. L3153 | Nam Ngiep 1 Hydropower Project | 14 Aug 14 | | 50.00 | Ongoing |
| L3154 | Nam Ngiep 1 Hydropower Project | 14 Aug 14 | | 71.65 | Ongoing |
| | Subtotal | | | 121.65 | |
| Health | | | | | |
| 5. G0312 | Greater Mekong Subregion Capacity Building for HIV/AIDS Prevention | 30 Oct 12 | | 5.00 | Ongoing |
| 6. L3279 | Health Sector Governance Program | 18 Sep 15 | | 17.00 | Ongoing |
| | Subtotal | | | 22.00 | |
| Industry and Trade | | | | | |
| 7. L3036 | Second Private Sector and Small and Medium-Sized Enterprises Development Program - Subprogram 2 | 1 Oct 13 | 22 Apr 14 | 15.00 | Closed – No PCR yet |
| L3037 | Second Private Sector and Small and Medium-Sized Enterprises Development Program - Subprogram 2 TA loan | 1 Oct 13 | | 4.38 | Ongoing |
| 8. L2874 | Trade Facilitation: Improved Sanitary and Phytosanitary Handling in the Greater Mekong Subregion Trade | 26 Jun 12 | | 3.00 | Ongoing |
| G0296 | Trade Facilitation: Improved Sanitary and Phytosanitary Handling in the Greater Mekong Subregion Trade | 26 Jun 12 | | 11.00 | Ongoing |
| 9. L3156 | Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth | 8 Sep 14 | | 40.00 | Ongoing |
| | Subtotal | | | 73.38 | |
| Public Sector Management | | | | | |
| 10. L2905 | Governance and Capacity Development in Public Sector Management Program - Subprogram 1 (Policy-based) | 27 Sep 12 | 31 Mar 13 | 2.50 | Closed – No PCR yet |
| G0308 | Governance and Capacity Development in Public Sector Management Program - Subprogram 1 (Policy-based) | 27 Sep 12 | 31 Mar 13 | 7.50 | Closed – No PCR yet |
| G0309 | Governance and Capacity Development in Public Sector Management Program - | 27 Sep 12 | | 6.00 | Ongoing |

| Loan/ Grant No. | Project Name | Approval Date | Approved Closing Date | Approved Amount (\$ million) | Performance/ Rating/ Status |
|--|--|---------------|-----------------------|------------------------------|-----------------------------|
| | Subprogram 1 (Project) | | | | |
| 11. L3205 | Governance and Capacity Development in Public Sector Management Program - Subprogram 2 | 3 Dec 14 | 30 Jun 15 | 15.00 | Closed – No PCR yet |
| | Subtotal | | | 31.00 | |
| Transport | | | | | |
| 12. L3250 | Vientiane Sustainable Urban Transport | 10 Mar 15 | | 35.00 | Ongoing |
| | Subtotal | | | 35.00 | |
| Water and Other Urban Infrastructure and Services | | | | | |
| 13. L2931 | Greater Mekong Subregion East–West Economic Corridor Towns Development Project (SF) | 6 Nov 12 | | 26.60 | Ongoing |
| G0313 | Greater Mekong Subregion East–West Economic Corridor Towns Development | 6 Nov 12 | | 14.23 | Ongoing |
| G0314 | Greater Mekong Subregion East–West Economic Corridor Towns Development | 6 Nov 12 | | 0.64 | Ongoing |
| 14. 2876 | Pakse Urban Environmental Improvement | 28 Jun 12 | | 24.25 | Ongoing |
| G0297 | Pakse Urban Environmental Improvement | 28 Jun 12 | | 3.25 | Ongoing |
| 15. L3041 | Water Supply and Sanitation Sector | 9 Oct 13 | | 35.00 | Ongoing |
| G0363 | Water Supply and Sanitation Sector | 9 Oct 13 | | 6.00 | Ongoing |
| | Subtotal | | | 109.97 | |
| | Total | | | 510.50 | |

ADB = Asian Development Bank, G = grant, L = loan, LAO = Lao People's Democratic Republic, No. = number, SF = Special Fund, TA = technical assistance, VIE = Viet Nam.

Source: ADB.

Table A1.2: Loans and Grants Approved from 2010 to 2011 and Implemented during the Country Partnership Strategy Period, 2012–2016

| Loan/ Grant No. | Project Name | Fund Type | Approval Date | Approved Completion Date | Approved Amount (\$ million) | Performance / Rating/ Status |
|---|---|--------------|------------------|--------------------------------|------------------------------------|---------------------------------------|
| Agriculture, Natural Resources and Rural Development | | | | | | |
| 1. L2809 | Smallholder Development (Additional Financing) | ADF | 22 Nov 11 | | 5.0 | Ongoing |
| 2. L2780 | Nam Ngum River Basin Development Sector (Additional Financing) | ADF | 26 Sep 11 | | 5.0 | Ongoing |
| 3. G235 | Northern Rural Infrastructure Development Sector | ADF | 26 Nov 10 | | 23.0 | Ongoing |
| 4. G242 | Greater Mekong Subregion Biodiversity Conservation Corridors | ADF | 10 Dec 10 | | 20.0 | Ongoing |
| | Subtotal | | | | 53.0 | |
| Education | | | | | | |
| 5. L2777 | Secondary Education Sector Development Program | ADF | 20 Sep 11 | | 10.0 | Ongoing |
| 6. G211 | Strengthening Technical and Vocational Education and Training | ADF | 9 Jul 10 | | 23.0 | Ongoing |
| 7. G257 | Secondary Education Sector Development Program | | 20 Sep 11 | | 30.0 | Ongoing |
| | Subtotal | | | | 63.0 | |
| Health | | | | | | |
| 8. G232 | Second Greater Mekong Subregion Regional Communicable Diseases Control | ADF | 22 Nov 10 | ... | 12.0 | Ongoing |
| | Subtotal | | | | 12.0 | |
| Energy | | | | | | |
| 9. L2818 | Greater Mekong Subregion Nam Ngum 3 Hydropower | OCR | 3 Nov 11 | 13 Sep 13 | 0.0 | Cancelled |
| L2819 | Greater Mekong Subregion Nam Ngum 3 Hydropower | ADF | 3 Nov 11 | 13 Sep 13 | 0.0 | Cancelled |
| 10. G195 | Greater Mekong Subregion Northern Power Transmission | ADF | 26 Jan 10 | | 20.0 | Ongoing |
| | Subtotal | | | | 20.0 | |
| Public Sector Management | | | | | | |
| 11. L2791 | Second Private Sector and Small and Medium-Sized Enterprises Development Program - Subprogram 1 | ADF | 4 Oct 11 | 31 Jan 12 | 5.0 | Ongoing |
| G260 | Second Private Sector and Small and Medium-Sized Enterprises Development Program - Subprogram 1 | ADF | 4 Oct 11 | 31 Jan 12 | 10.0 | Closed |
| | Subtotal | | | | 15.0 | |
| Transport and ICT | | | | | | |
| 12. G234 | Second Northern Greater Mekong Subregion Transport Network Improvement | ADF | 25 Nov 10 | ... | 20.0 | Ongoing |
| 13. G082 | Northern Greater Mekong Sub region Transport Network Improvement | ADF | 26 Apr 10 | | 27.0 | Closed – S |
| | Subtotal | | | | 47.0 | |

| Loan/ Grant No. | Project Name | Fund Type | Approval Date | Approved Completion Date | Approved Amount (\$ million) | Performance / Rating/ Status |
|--|---|--------------|------------------|--------------------------------|------------------------------------|---|
| Water and other urban infrastructure and services | | | | | | |
| 14. G205 | Northern and Central Regions Water Supply and Sanitation Sector (Supplementary) | ADF | 7 Apr 10 | 16 May 14 | 6.6 | Closed – S (Note the PCR for this is same as that G016) |
| | Subtotal | | | | 6.6 | |
| | Total | | | | 216.6 | |

ADF = Asian Development Fund, G = grant, ICT = information and communication technology, JFICT = Japan Fund for Information and Communication Technology, JFPR = Japan Fund for Poverty Reduction, L = loan, OCR = ordinary capital resources, PCR = project completion report.

Source: Asian Development Bank.

Table A1.3: Loans and Grants Approved Prior to 2010 and Implemented during the Country Partnership Strategy Period, 2012–2016

| Loan/ Grant No. | Project Name | Fund Type | Approval Date | Approved Completion Date | Approved Amount (\$ million) | Performance/ Rating/Status |
|---|--|-----------|---------------|--------------------------|------------------------------|----------------------------|
| Agriculture, Natural Resources and Rural Development | | | | | | |
| 1. L1949 | Smallholder Development Project | ADF | 28 Nov 02 | 18 Sep 12 | 12.0 | Closed – No PCR yet |
| 2. L2259 | Northern Region Sustainable Livelihoods through Livestock Development Project | ADF | 29 Sep 06 | 12 Aug 14 | 9.3 | Closed – S |
| G055 | Northern Region Sustainable Livelihoods through Livestock Development Project | ADF | 29 Sep 06 | 8 Jul 14 | 0.7 | |
| G056 | Northern Region Sustainable Livelihoods through Livestock Development Project | SWI | 29 Sep 06 | 17 May 13 | 3.5 | |
| 3. G9062 | Sustainable Agroforestry Systems for Livelihood Enhancement of the Rural Poor | JFPR | 4 Jan 05 | 15 Jun 12 | 1.5 | Closed – LS |
| 4. G9107 | Enhancing Capacity of Local Government Agencies and Lao Women's Union for Sustainable Poverty Reduction in Northern Lao People's Democratic Republic | JFPR | 11 May 07 | 9 Jul 12 | 0.5 | Closed – S |
| 5. G9117 | Alternative Livelihood for Upland Ethnic Groups in Houaphanh Province | JFPR | 13 Feb 08 | 27 Jun 12 | 1.8 | Closed – No ICM yet |
| 6. G144 | Sustainable Natural Resource Management and Productivity Enhancement Project | ADF | 23 Feb 09 | | 20.0 | |
| G145 | Sustainable Natural Resource Management and Productivity Enhancement Project | IFAD | 23 Feb 09 | | 15.0 | |
| | Subtotal | | | | 64.3 | |
| Education | | | | | | |
| 7. G069 | Basic Education Sector Development Program | ADF | 20 Dec 06 | 10 Apr 14 | 12.7 | Closed |
| | Subtotal | | | | 12.7 | |
| Health | | | | | | |
| 8. G026 | Greater Mekong Subregion Regional Communicable Diseases Control Project (Regional) | ADF | 21 Nov 05 | 17 Oct 12 | 6.0 | Closed – S |
| 9. G079 | Health System Development Project | ADF | 29 Jun 07 | 7 Mar 13 | 13.0 | Closed – S |
| 10. G172 | Health Sector Development Program (Program Grant) | ADF | 10 Nov 09 | 31 Aug 12 | 10.0 | Closed – no PCR yet |
| G173 | Health Sector Development Program (Project Grant) | ADF | 10 Nov 09 | | 10.0 | Ongoing |
| 11. G9137 | Developing Model Healthy Villages in Northern Lao People's Democratic Republic | JFPR | 14 Aug 09 | 26 Aug 13 | 3.0 | Closed – S |
| | Subtotal | | | | 42.0 | |
| Transport and ICT | | | | | | |
| 12. L2085 | Roads for Rural Development | ADF | 28 Jun 04 | 17 Jun 13 | 17.7 | Closed – S |

| Loan/ Grant No. | Project Name | Fund Type | Approval Date | Approved Completion Date | Approved Amount (\$ million) | Performance/ Rating/Status |
|--|--|-----------|---------------|--------------------------|------------------------------|----------------------------|
| | Project | | | | | |
| 13. G082 | Northern Greater Mekong Subregion Transport Network Improvement Project | ADF | 27 Sep 07 | | 41.5 | Ongoing |
| | Subtotal | | | | 59.2 | |
| Finance | | | | | | |
| 14. L2253 | Rural Finance Sector Development Program | ADF | 17 Aug 06 | 12 Oct 12 | 2.3 | Closed – S |
| 15. G164 | Private Sector and Small and Medium-sized Enterprises Development Program (Subprogram 2) | ADF | 1 Oct 09 | 15 Mar 10 | 15.0 | Closed – S |
| 16. G9095 | Catalyzing Microfinance for the Poor | JFPR | 17 Aug 06 | 22 Apr 13 | 2.0 | Closed – no ICM yet |
| G9096 | Upgrading of ICT and MIS at the Agriculture Promotion Bank | JFICT | 17 Aug 06 | 30 Jun 11 | 0.5 | |
| | Subtotal | | | | 19.8 | |
| Industry and Trade | | | | | | |
| 17. G117 | Greater Mekong Subregion Sustainable Tourism Development Project | ADF | 15 Oct 08 | | 10.0 | |
| | Subtotal | | | | 10.0 | |
| Water and other urban infrastructure and services | | | | | | |
| 18. G016 | Northern and Central Regions Water Supply and Sanitation Sector Project | ADF | 25 Aug 05 | 16 May 14 | 10.0 | Closed – S ^a |
| 19. G143 | Small Towns Water Supply and Sanitation Sector | ADF | 2 Feb 09 | | 28.8 | |
| | Subtotal | | | | 38.8 | |
| | Total | | | | 246.8 | |

ADF = Asian Development Fund, G = grant, ICM = implementation completion memorandum, ICT = information and communication technology, IFAD = International Fund for Agricultural Development, JFICT = Japan Fund for Information and Communication Technology, JFPR = Japan Fund for Poverty Reduction, L = loan, LS = less than successful, No. = number, PCR = project completion report, S = successful, SWI = Switzerland.

^a The PCR for this is same as that G205.

Source: Asian Development Bank.

Table A1.4: ADB Advisory Technical Assistance Projects Approved, 2012–2016

| TA No. | Name | TA Type | Approval Date | Approved Completion Date | Approved Amount (\$) | Performance/ Rating/ Status |
|--|--|---------|---------------|--------------------------|----------------------|-----------------------------|
| Agriculture and Natural Resources | | | | | | |
| 1. 8086 | Supporting Decentralized Rural Infrastructure Development | CD | 29 May12 | | 1,000,000 | Ongoing |
| | Subtotal | | | | 1,000,000 | |
| Education | | | | | | |
| 2. 8277 | Support for the Human Resource Development Strategy | PA | 12 Dec12 | | 900,000 | Ongoing |
| | Subtotal | | | | 900,000 | |
| Energy | | | | | | |
| 3. 7094 | Greater Mekong Subregion Nam Theun 2 Hydroelectric Project - Social Safeguards Monitoring (Supplementary) | AD | 27 Jun 12 | | 150,000 | Ongoing |
| 7094 | Greater Mekong Subregion Nam Theun 2 Hydroelectric Project - Social Safeguards Monitoring (Supplementary) | AD | 17 Dec 14 | | 150,000 | Ongoing |
| | Subtotal | | | | 300,000 | |
| Finance | | | | | | |
| 4. 8848 | Strengthening Access to Finance for Micro, Small, and Medium-Sized Enterprises | CD | 17Dec 14 | | 1,500,000 | Ongoing |
| | Subtotal | | | | 1,500,000 | |
| Health and Social Protection | | | | | | |
| 5. 8576 | Health Sector Governance | PA | 13 Dec 13 | | 1,000,000 | Ongoing |
| 6. 8139 | Strengthening National Commission for Advancement of Women Network in the Ministry of Public Works and Transport | CD | 9 Aug 12 | 26 Jun 15 | 225,000 | Closed |
| | Subtotal | | | | 1,225,000 | |
| Industry and Trade | | | | | | |
| 7. 8182 | Implementing Regulatory Impact Assessment | CD | 4 Oct 12 | | 750,000 | Ongoing |
| | Subtotal | | | | 750,000 | |
| Public Sector Management | | | | | | |
| 8. 8610 | Policy and Capacity Support for Improved Aid Effectiveness | CD | 12 Dec13 | | 450,000 | Ongoing |
| | Subtotal | | | | 450,000 | |
| Water and Other Municipal Infrastructure and Services | | | | | | |
| 9. 8845 | Strengthening Capacity in Urban Water Supply and Sanitation Management | CD | 16 Dec 14 | | 1,300,000 | Ongoing |
| | Subtotal | | | | 1,300,000 | |
| | Total | | | | 7,425,000 | |

AD = advisory, ADB = Asian Development Bank, CD = capacity development, ICT = information and communication technology, No. = number, PA = policy and advisory, TA = technical assistance.

Source: ADB.

Table A1.5: ADB Advisory Technical Assistance Projects Approved from 2010 to 2011 and Implemented during the Country Partnership Strategy Period, 2012–2016

| TA No. | Name | TA Type | Approval Date | Approved Completion Date | Approved Amount (\$) | Performance/ Rating/ Status |
|--|--|---------|---------------|--------------------------|----------------------|-----------------------------|
| Agriculture and Natural Resources | | | | | | |
| 1. 7780 | National Integrated Water Resources Management Support | CD | 16 Feb 11 | | 3,900,000 | Ongoing |
| 2. 7624 | Capacity Strengthening for Gender Mainstreaming in the Agriculture Sector | CD | 22 Oct 10 | 31 May 14 | 500,000 | Closed – S |
| | Subtotal | | | | 4,400,000 | |
| Energy | | | | | | |
| 3. 7937 | Strengthening Biodiversity Protection and Management in the Nam Ngum 3 Hydropower Project | CD | 3 Nov 11 | 13 Sept 13 | 500,000 | Cancelled |
| 4. 7094 | Greater Mekong Subregion Nam Theun 2 Hydroelectric Project - Social Safeguards Monitoring (Supplementary) | AD | 29 Oct 10 | | 200,000 | Ongoing |
| | Subtotal | | | | 700,000 | |
| Finance | | | | | | |
| 5. 7500 | Enhancing Financial Sector Supervision | CD | 5 Feb 10 | 22 Aug 12 | 800,000 | Closed – LS |
| | Subtotal | | | | 800,000 | |
| Industry and Trade | | | | | | |
| 6. 7612 | Support for Post-Private Sector and Small and Medium-Sized Enterprises Development Program Partnership Framework | PA | 27 Sep 10 | 30 Jun 14 | 1,000,000 | Closed – S |
| | Subtotal | | | | 1,000,000 | |
| Public Sector Management | | | | | | |
| 7. 7857 | Strengthening the Capacity of the State Audit Organization | CD | 2 Sep 11 | 22 Aug 15 | 800,000 | Closed – no TCR yet |
| 8. 8047 | Strengthening Capacity for Enhanced Operational Effectiveness | CD | 27 Dec 11 | 31 Mar 15 | 200,000 | Closed – S |
| 9. 7738 | Capacity Strengthening of the National Statistical System | CD | 14 Dec 10 | 31 Dec 14 | 700,000 | Closed – S |
| | Subtotal | | | | 1,700,000 | |
| Water and Other Municipal Infrastructure and Services | | | | | | |
| 10. 7919 | Strengthening Urban Water Supply Regulation | CD | 16 Dec 11 | | 500,000 | Ongoing |
| | Subtotal | | | | 500,000 | |
| Multisector | | | | | | |
| 11. 7509 | Capacity Enhancement for Coping with Climate Change | CD | 11 Mar 10 | | 3,100,000 | Ongoing |
| | Subtotal | | | | 3,100,000 | |
| | Total | | | | 12,200,000 | |

AD = advisory, ADB = Asian Development Bank, CD = capacity development, ICT = information and communication technology, LS = less than successful, No. = number, PA = policy and advisory, S = successful, TA = technical assistance, TCR = technical assistance completion report.

Source: Asian Development Bank.

Table A1.6: ADB Advisory Technical Assistance Projects Approved Prior to 2010 and Implemented during Country Partnership Strategy Period, 2012–2016

| TA No. | Name | Approval Date | Approved Completion Date | Approved Amount (\$) | Performance/ Rating/ Status |
|--|--|---------------|--------------------------|----------------------|-----------------------------|
| Agriculture and Natural Resources | | | | | |
| 1. 7241 | Sustainable Natural Resource Management and Productivity Enhancement Project | 23 Feb 09 | 27 Mar 14 | 700,000 | Closed – no TCR yet |
| | Subtotal | | | 700,000 | |
| Energy | | | | | |
| 2. 7094 | Greater Mekong Subregion Nam Theun 2 Hydroelectric Project— Social Safeguards Monitoring | 7 Jul 08 | | 400,000 | Ongoing |
| | Subtotal | | | 400,000 | |
| Public Sector Management | | | | | |
| 3. 7077 | Strengthening Public Financial Management | 23 Apr 08 | 22 Mar 12 | 1,100,000 | Closed – S |
| 4. 7188 | Building Lao PDR's Capacity to Develop Special Economic Zones | 27 Nov 08 | 29 Feb 12 | 700,000 | Closed – S |
| | Subtotal | | | 1,800,000 | |
| Multisector | | | | | |
| 5. 7489 | Support for the Preparation of Harmonized Sector Assessments, Strategies, and Roadmaps | 17 Dec 09 | 25 Sep 12 | 225,000 | Closed – HS |
| | Subtotal | | | 225,000 | |
| | Total | | | 3,125,000 | |

ADB = Asian Development Bank, HS = highly successful, Lao PDR = Lao People's Democratic Republic, No. = number, S = successful, TA = technical assistance, TCR = technical assistance completion report.
Source: ADB.

APPENDIX 2: LAO PEOPLE'S DEMOCRATIC REPUBLIC COMPLETED PROJECTS WITH COMPLETION REPORT, 2012–2016

| Loan/ Grant No. | Project Name | Completion Date | PCR Date | PCR Ratings | PVR Date | PVR Ratings | PPER |
|--|---|--------------------|-------------|---------------------------------|-------------|---------------------------------|------|
| Agriculture | | | | | | | |
| 1. Loan 2259 | Northern Region Sustainable Livelihoods through Livestock Development Project | 12 Aug 2014 | 2015 | LS (R, E, LEf, LLSu) | none | ... | ... |
| Education | | | | | | | |
| 2. Grant 0069 | Basic Education Sector Development Program – Project Grant | 10 Apr 2014 | 2014 | HS (HR, E, HEf, LSu/NR) | 2015 | S (R, E, Ef, LSu/significant) | ... |
| Health | | | | | | | |
| 3. Grant 0079 | Health Systems Development | 7 Mar 2013 | 2013 | S (HR, E, LEf, LSu/NR) | 2014 | S (HR, E, LEf, LSu) | |
| Transportation | | | | | | | |
| 4. Loan 2085 | Roads for Rural Development Project | 17 Jun 2013 | 2014 | S (HR, E, Ef, LSu) | 2014 | S (HR, E, Ef, LSu) | ... |
| 5. Grant 0082 | Northern Greater Mekong Subregion Transport Network Improvement | 30 Jun 2014 | 2015 | S (HR, E, Ef, LSu/NR) | none | ... | ... |
| Finance | | | | | | | |
| 6. Loan 2253 | Rural Finance Sector Development Project | 12 Oct 2012 | 2013 | S (HR, E, Ef, LSu) | 2014 | S (R, E, Ef, LSu) | ... |
| 7. Grant 0164 | Private Sector and Small and Medium-Sized Enterprise Development Program (Subprogram 2) | 15 Mar 2010 | 2011 | S (HR, E, HEf, LSu/substantial) | none | ... | ... |
| Water and Other Urban Infrastructure Services | | | | | | | |
| 8. Grant 016 | Northern and Central Regions Water Supply and Sanitation Sector | 16 May 2014 | 2014 | S (HR, HE, Ef, LSu/significant) | 2015 | S (HR, HE, Ef, LSu/significant) | ... |

... = not applicable, E = effective, Ef = efficient, HE = highly effective, HEf = highly efficient, HR = highly relevant, LEf = less than efficient, LLSu = less than likely sustainable, LS = less than satisfactory, LSu = likely sustainable, NR = no rating, PCR = project completion report, PPER = project performance evaluation report, PVR = project completion report validation report, R = relevant, S = satisfactory.

Note: PCR ratings are in this order—overall (relevance, effectiveness, efficiency, sustainability, and development impact).

Sources: Asian Development Bank and Independent Evaluation Department database.

APPENDIX 3: DEVELOPMENT PARTNERS ACTIVE IN KEY SECTORS

| Sector | Lead National Agency | Partners |
|--|---|---|
| Agriculture and natural resources | Ministry of Agriculture and Forestry; Ministry of Natural Resources and Environment | Asian Development Bank, Republic of Korea, Thailand, European Union, International Food and Agriculture Development, World Bank |
| Education | Ministry of Education and Sport | Asian Development Bank, Australia, Japan International Cooperation Agency, Republic of Korea, Viet Nam |
| Energy | Ministry of Energy and Mines | Asian Development Bank, Japan International Cooperation Agency, United Nations Development Programme, World Bank |
| Health | Ministry of Health | Asian Development Bank, Japan International Cooperation Agency, Republic of Korea, World Health Organization |
| Industry and trade | Ministry of Industry and Commerce, Lao National Chamber of Commerce and Industry | Asian Development Bank, Australia, European Union, Germany |
| Public sector management | Ministry of Home Affairs | Asian Development Bank, European Union, Germany, United Nations Development Programme, World Bank |
| Transport and information and communication technology | Ministry of Public Works and Transport | Asian Development Bank, Agence Française de Développement, Japan International Cooperation Agency, World Bank |
| Water supply and municipal services | Ministry of Public Works and Transport | Asian Development Bank, Japan International Cooperation Agency, United Nations Development Programme |

Source: Asian Development Bank Independent Evaluation Department.

APPENDIX 4: COUNTRY PARTNERSHIP STRATEGY, 2012–2016, RESULTS FRAMEWORK AND UPDATES—OUTCOMES THAT ADB CONTRIBUTES TO AND INDICATORS

| CPS, 2012–2016 Provided Government Sector Objective | CPS 2012–2016 Provided Sector Outcomes that ADB Contributes to and Indicators | COBP, 2013–2015 | COBP, 2014–2016 | COBP, 2015–2017 |
|---|---|---|--|--|
| A. Education (Strategy 2020 Core Area 5: Education) | | | | |
| Improve sector performance by assuring equitable access, improving quality and relevance, and strengthening sector governance and performance management | <p>Education infrastructure and system expanded, improved, and well-managed:</p> <p>(i) Gross enrollment ratio rises from 60.2% to 75% in lower secondary education, and from 34% to 40% in upper secondary education</p> <p>(ii) Female share of enrollment reaches 50% in TVET and higher education (up from 40%)</p> <p>(iii) Phase-in of new 12-year general education system and revised curricula completed by SY2016/17</p> <p>(iv) postsecondary education more responsive to labor market demand, including approval and/or adoption and implementation of TVET and higher education master plans</p> <p>(v) Government allocation reaching 18.0% of total budget (up from around 15.5%), with resources more efficiently used</p> | <p>Unchanged outcome</p> <p>Indicators iii, iv, and v dropped</p> | <p>Unchanged Outcome</p> <p>Indicators iii, iv, and v dropped with updated/modified baselines for ii</p> <p>(i) Gross enrollment ratio rises to 75% in lower secondary education (64.4 in 2011/12), and to 40% in upper secondary education (34.7% in 2011/12)</p> <p>(ii) Female share of enrollment reaches 50% in TVET (37.1% in 2011/12) and 50% in higher education (44.9% in 2011/12)</p> <p>(iii) Female share of enrollment in teacher training for TVET increased to 70.8% in 2011/12 (65.7% in 2009/10)</p> <p>(iv) Female share of enrollment in teacher training for higher education decreased to 50.8% in 2011/12 (54.1% in 2009/10)</p> | <p>Unchanged outcome</p> <p>Indicators I modified with baselines for indicators updated/modified</p> <p>Indicator 1: Increase in the gross enrollment ratio of upper secondary education Baseline: 34% (2011) Target: 40% (2016) Current value: 37.5% (2013)</p> <p>Indicator 2: Increase in the female share of TVET enrollment Baseline: 40% (2010) Target: 50% (2016) Current value: 45.6% (2013)</p> |
| B. Water Supply and Other Municipal Infrastructure and Services (Strategy 2020 core areas: 1. Infrastructure; 2. Environment; and 3. Regional cooperation and integration) | | | | |
| Clean and green economic growth through (i) urban centers as focus points | Increase access to safe water supply, sanitation, and other urban services in towns along economic corridors: | Unchanged outcome and indicators | Unchanged Outcome Indicator I dropped and baselines for iii, and iv updated/modified | Outcome and indicators modified Outcome: Increase access to safe water |

| CPS, 2012–2016 Provided Government Sector Objective | CPS 2012–2016 Provided Sector Outcomes that ADB Contributes to and Indicators | COBP, 2013–2015 | COBP, 2014–2016 | COBP, 2015–2017 |
|---|---|----------------------------------|--|---|
| for economic development, (ii) improved urban planning and management, and (iii) improved environmental management protection | <p>(i) Trade and investments (national and regional) in each corridor town increased by 10% by 2022 (2009 baseline)</p> <p>(ii) GMS corridors become economic corridors by 2022 (GMS Strategic Framework 2012–2022)</p> <p>(iii) GMS corridor towns become flood-free (GMS Master Plan 2011)</p> <p>(iv) Lao Millennium Development goals and Seventh National Socio-Economic Development Plan target by 2015:</p> <p>(a) 80 % of the population has access to clean water supply (74% in 2007)</p> <p>(b) 60% has access to pour-flush latrines (49% in 2007)</p> <p>(v) Urban water supply goal by 2020; 80% of urban residents have access to piped water supply (67% in 2005)</p> | | <p>(i) GMS corridors become economic corridors by 2022 (GMS Strategic Framework 2012–2022)</p> <p>(ii) GMS corridor towns become flood-free (GMS Master Plan 2011)</p> <p>(iii) Lao Millennium Development goals and Seventh National Socio-Economic Development Plan target by 2015:</p> <p>(a) 80 % of the population has access to clean water supply (60% in 2011)</p> <p>(b) 60% has access to pour-flush latrines (49% in 2007, 57% 2011)</p> <p>(iv) Urban water supply goal by 2020; 80% of urban residents have access to piped water supply (67% in 2005; 88% in 2011)</p> | <p>supply, sanitation, and other urban services</p> <p>Indicator 1: Increase in the population with access to clean water</p> <p>Baseline: 70% (2011) Target: 80% (2015) Current value: NA</p> <p>Indicator 2: Access to pour-flush latrines increased</p> <p>Baseline: 49% (2007) Target: 60% (2015) Current value: 57% (2011)</p> <p>Indicator 3: Urban water supply goal reached by 2020</p> <p>Baseline: 67% (2005) Target: 80% (2020) Current value: 88% (2011)</p> |
| C. Energy (Strategy 2020 Core Areas: 1. Infrastructure; 2. Environment; and 3. Regional cooperation and integration) | | | | |
| Continued power development through (i) improved efficiencies; (ii) development of a national grid; (iii) rural electrification; and (iv) promotion of regional power trading | <p>Increased and/or efficient use of energy, including renewable energy; 90% of households have access to grid electricity by 2020 (2011 baseline = 62%)</p> <p>In 2020, per capita consumption of electricity is 1,000 kWh (2011 baseline = 450 kWh)</p> <p>In 2020, 5,000 MW of</p> | Unchanged outcome and indicators | Unchanged outcome and indicators | <p>Outcome and indicators modified</p> <p>Outcome: Increased and/or more efficient use of energy, including renewable energy</p> <p>Indicator: Increase in household access to grid electricity Baseline: 62% Target: 90% Current value: 87.3% (2013)</p> |

| CPS, 2012–2016 Provided Government Sector Objective | CPS 2012–2016 Provided Sector Outcomes that ADB Contributes to and Indicators | COBP, 2013–2015 | COBP, 2014–2016 | COBP, 2015–2017 |
|---|--|----------------------------------|--|---|
| | hydropower is exported (2010 baseline = 2,450) | | | |
| D. Agriculture and Natural Resources (Strategy 2020 Core Areas: 1. Infrastructure; 2. Environment; and 3. Regional cooperation and integration) | | | | |
| Develop agriculture to ensure food security, promote production for domestic use and exports, improve productivity, enhance sustainability of natural resources, and improve livelihoods of farmers | Improved rural productivity and food security: (i) Paddy production increased from 3.1 million tons in 2009 to 4.2 million tons in 2016 (ii) By 2016, average gender- and ethnic-disaggregated rural incomes increased by 3% from 2010 (iii) Natural resource productivity and climate resilience enhanced (baseline forest area at 65% of total land area in 2010 maintained by 2016). | Unchanged outcome and indicators | Unchanged outcome Indicator ii dropped, and replaced with new river basin indicator; and baselines updated/modified (i) Paddy production increased to 4.2 million tons in 2016 (from 3.1 million tons in 2009, 3.43 million tons in 2011/12) (ii) River basin management strengthened at least 5 basins by 2015 (iii) Natural resource productivity and climate resilience enhanced (by 2016 maintain the 2010 baseline forest area at 65% of total land area) | Unchanged outcome Indicators ii and iii dropped, and replaced with new meat and fish production indicator Indicator 1: Paddy production increased Baseline: 3.1 million tons (2009) Target: 4.2 million tons (2016) Current value: 3.4 million tons (2012) Indicator 2: Meat and fish production increased Baseline: 45 kg (2010) Target: 53 kg (2010) Target: 53 kg (2015) Current value: 50 kg (2013) |
| E. Transport (Core Area 1: Infrastructure, Core Area 2: Environment) | | | | |
| None | None | None | None | Government Sector Objective: Increase efficiency in the urban transport system Sector outcomes that ADB contributes to and indicators: Increased share of public and non-motorized transport in major urban areas Indicator: Passenger share of public transport increased to 15% by 2022 Baseline: 4% (2008) |
| F. Public Sector Management | | | | |
| None | None | None | None | Government Sector Objective: Increase efficiency and |

| CPS, 2012–2016 Provided Government Sector Objective | CPS 2012–2016 Provided Sector Outcomes that ADB Contributes to and Indicators | COBP, 2013–2015 | COBP, 2014–2016 | COBP, 2015–2017 |
|--|---|--------------------|--------------------|--|
| | | | | <p>effectiveness in public sector management</p> <p>Sector outcomes that ADB contributes to and indicators:</p> <p>Improved public financial management, public administration and public investment capacity among civil servants at all levels.</p> <p>Indicator: 50% of officials at the subnational level, including 30% females, trained by 2016</p> <p>Baseline: 11% trained, including 24% female (2011)</p> |

ADB = Asian Development Bank, CPS = country partnership strategy, COBP = country operations business plan, GMS = Greater Mekong Subregion, kg = kilogram, kWh = kilowatt-hour, MW = megawatt, TVET = technical and vocational education and training.

Source: ADB Independent Evaluation Department.

Country Development Goals

- (i) Attain inclusive, private sector-led economic growth of 8% per annum.
- (ii) Accelerate the attainment of the Millennium Development Goals.
- (iii) Ensure environmental and social sustainability of economic growth.

APPENDIX 5: LAO PEOPLE'S DEMOCRATIC REPUBLIC COMPLETED LOANS, GRANTS, AND TECHNICAL ASSISTANCE PROJECTS, 2012–2015

Table A5.1: Lao People's Democratic Republic Completed Loans and Grants, 2012–2015

| Year Approved | Loan/Grant No | Funding Source | Title | Approval Date | Actual Completion Date | Amount Approved (\$) | Actual Cost (\$) |
|--|---------------|----------------|--|---------------|------------------------|----------------------|------------------|
| Agriculture, Natural Resources, and Rural Development | | | | | | | |
| 2002 | L1949 | ADF | Smallholder Development Project ^a | 28 Nov 02 | 18 Sep 12 | 12,000,000 | 13,678,235 |
| 2006 | L2259 | ADF | Northern Region Sustainable Livelihoods through Livestock Development Project ^b | 29 Sep 06 | 12 Aug 14 | 9,300,000 | 9,548,754 |
| 2006 | G0055 | ADF | Northern Region Sustainable Livelihoods through Livestock Development Project | 29 Sep 06 | 8 Jul 14 | 700,000 | 628,827 |
| 2006 | G0056 | SWI | Northern Region Sustainable Livelihoods through Livestock Development Project | 29 Sep 06 | 17 May 13 | 3,500,000 | 3,367,081 |
| 2005 | G9062 | JFPR | Sustainable Agroforestry Systems for Livelihood Enhancement of the Rural Poor | 4 Jan 05 | 15 Jun 12 | 1,500,000 | 1,426,047 |
| 2007 | G9107 | JFPR | Enhancing Capacity of Local Government Agencies and Lao Women's Union for Sustainable Poverty Reduction in Northern Lao People's Democratic Republic | 11 May 07 | 9 Jul 12 | 533,500 | 460,267 |
| 2008 | G9117 | JFPR | Alternative Livelihood for Upland Ethnic Groups in Houaphanh Province | 13 Feb 08 | 27 Jun 12 | 1,820,000 | 1,819,534 |
| 2011 | L2809 | ADF | Smallholder Development Project (Additional Financing to Loan 1949) | 22 Nov 11 | 26 Oct 15 | 5,000,000 | 4,749,406 |
| 2011 | L2780 | ADF | Nam Ngum River Basin Development Sector Project (Additional Financing) | 26 Sep 11 | 21 Oct 15 | 5,000,000 | 4,753,159 |
| Education | | | | | | | |
| 2006 | G0069 | ADF | Basic Education Sector Development Program (BSEDP) | 20 Dec 06 | 10 Apr 14 | 12,660,000 | 12,639,017 |
| Finance | | | | | | | |
| 2006 | L2253 | ADF | Rural Finance Sector Development Program (Project Loan) [RFSDP] | 17 Aug 06 | 12 Oct 12 | 2,316,000 | 2,389,751 |
| 2009 | G0164 | ADF | Private Sector and Small and Medium-sized Enterprises (PSME) Development Program (Subprogram 2) | 1 Oct 09 | 15 Mar 10 | 15,000,000 | 15,000,000 |
| 2006 | G9095 | JFPR | Catalyzing Microfinance for the Poor | 17 Aug 06 | 22 Apr 13 | 1,980,000 | 1,701,104 |
| 2006 | G9096 | JFICT | Upgrading of ICT and MIS at the Agriculture Promotion Bank | 17 Aug 06 | 30 Jun 11 | 472,000 | 470,041 |

| Year Approved | Loan/Grant No | Funding Source | Title | Approval Date | Actual Completion Date | Amount Approved (\$) | Actual Cost (\$) |
|--|---------------|----------------|---|---------------|------------------------|----------------------|------------------|
| Health | | | | | | | |
| 2005 | G0026 | ADF | Greater Mekong Subregion Regional Communicable Diseases Control Project | 21 Nov 05 | 17 Oct 12 | 6,000,000 | 5,920,114 |
| 2007 | G0079 | ADF | Health System Development Project | 29 Jun 07 | 7 Mar 13 | 13,000,000 | 12,992,369 |
| 2009 | G0172 | ADF | Health Sector Development Program | 10 Nov 09 | 31 Aug 12 | 10,000,000 | 10,000,000 |
| 2009 | G0173 | ADF | Health Sector Development Program | 10 Nov 09 | 30 Oct 15 | 10,000,000 | 9,996,866 |
| 2009 | G9137 | JFPR | Developing Model Healthy Villages in Northern Lao People's Democratic Republic | 14 Aug 09 | 26 Aug 13 | 3,000,000 | 2,999,856 |
| 2011 | L2791 | ADF | Second Private Sector and Small and Medium-Sized Enterprises Development Program – Subprogram 1 | 4 Oct 11 | 31 Jan 12 | 5,000,000 | 4,861,828 |
| 2011 | G0260 | ADF | Second Private Sector and Small and Medium-Sized Enterprises Development Program – Subprogram 1 | 4 Oct 11 | 31 Jan 12 | 10,000,000 | 10,000,000 |
| Transport and ICT | | | | | | | |
| 2004 | L2085 | ADF | Roads for Rural Development Project ^c | 28 Jun 04 | 17 Jun 13 | 17,700,000 | 18,798,295 |
| 2007 | G0082 | ADF | Northern GMS Transport Network Improvement Project | 15 Aug 07 | 30 Jun 2014 | 54,000,000 | 53,990,000 |
| Water and Other Urban Infrastructure and Services | | | | | | | |
| 2005 | G0016 | ADF | Northern and Central Regions Water Supply and Sanitation Sector Project | 25 Aug 05 | 16 May 14 | 10,000,000 | 9,906,540 |
| 2010 | G0205 | ADF | Northern and Central Regions Water Supply and Sanitation Sector Project (Supplementary) | 7 Apr 10 | 16 May 14 | 6,600,000 | 6,548,694 |

ADF = Asian Development Fund, G = grant, ICT = information and communication technology, JFICT = Japan Fund for Information and Communication Technology, JFPR = Japan Fund for Poverty Reduction, L = loan, SWI = Switzerland.

^a The unit of loan was in special drawing rights (SDR) converted to US dollar. There was partial cancellation amounting to \$188,368.72.

^b The unit of loan was in SDR converted to US dollar. There was partial cancellation amounting to \$59,938.41.

^c The unit of loan was in SDR converted to US dollar. There was partial cancellation amounting to \$8,236.82.

Source: Asian Development Bank.

Table A5.2: Lao People's Democratic Republic Completed Technical Assistance Projects, 2012–2015

| Year Approved | TA No. | TA Type | Funding Source | Title | Original Completion Date | Actual Closing Date | Amount Approved (\$) | Actual Cost |
|--|--------|---------|--|--|--------------------------|---------------------|----------------------|--------------|
| Agriculture and Natural Resources | | | | | | | | |
| 2009 | 7241 | CD | TASF | Sustainable Natural Resource Management and Productivity Enhancement Project | 31 Mar 11 | 27 Mar 14 | 700,000 | 517,849.94 |
| 2010 | 7624 | CD | JFPR | Capacity Strengthening for Gender Mainstreaming in the Agriculture Sector | 31 Oct 12 | 31 May 14 | 500,000 | 420,552.44 |
| Energy | | | | | | | | |
| 2008 | 7077 | AD | | Strengthening Public Financial Management | 31 May 10 | 22 Mar 12 | 1,100,000 | 1,057,820.24 |
| 2008 | 7188 | AD | | Building Lao PDR's Capacity to Develop Special Economic Zones | 31 Mar 11 | 29 Feb 12 | 700,000 | 698,732.26 |
| Finance | | | | | | | | |
| 2010 | 7500 | CD | TASF-IV; CFRTFSI | Enhancing Financial Sector Supervision | 30 Jun 11 | 22 Aug 12 | 750,000 | 487,799.09 |
| Industry and Trade | | | | | | | | |
| 2010 | 7612 | PA | JFPR | Support for Post-Private Sector and Small and Medium-Sized Enterprises Development Program Partnership Framework | 31 Mar 14 | 30 June 10 | 1,000,000 | 910,813.32 |
| Public Sector Management | | | | | | | | |
| 2011 | 7857 | CD | TASF IV | Strengthening the Capacity of the State Audit Organization | 31 Oct 14 | 24 Aug 15 | 800,000 | 641,453.49 |
| 2011 | 8047 | CD | TASF-IV = \$58,000; TASF- Others = \$147,000 | Strengthening Capacity for Enhanced Operational Effectiveness | 31 Dec 13 | 31 Mar 15 | 200,000 | 166,336.85 |
| 2010 | 7738 | CD | TASF-IV = \$540,000 ; TASF- Others = \$150,000 | Capacity Strengthening of the National Statistical System | 30 Jun 13 | 31 Dec 14 | 690,000 | 674,815.42 |
| Multisector | | | | | | | | |
| 2009 | 7489 | PA | | Support for the Preparation of Harmonized Sector Assessments, Strategies, and Roadmaps | 31 Aug 10 | 25 Sep 12 | 225,000 | 173,377.39 |
| 2010 | 7509 | CD | TASF-IV; NDF | Capacity Enhancement for Coping with Climate Change | 30 Sep 12 | 30 Sep 15 | 3,100,000 | 2,784,297.30 |

AD = advisory, CD = capacity development, CFRTFSI = Cooperation Fund for Regional Trade and Financial Security Initiative, JFPR = Japan Fund for Poverty Reduction, NDF = Nordic Development Fund, PA = policy and advisory, TASF = Technical Assistance Special Fund.

Source: Asian Development Bank.