

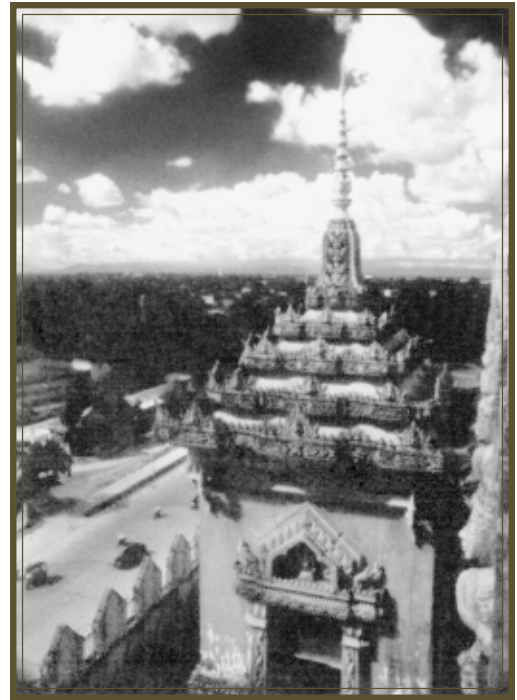
# **Lao People's Democratic Republic and The World Bank Group**



January 2004

World Bank assistance to Lao PDR began in 1977 to help the country achieve its goals of reducing poverty and developing infrastructure, human resources and the rural economy. Since then, the Bank has supported the development efforts of Lao PDR with a total of US\$662.5 million in credits and has mobilized or administered about US\$31 million in grants.

There are currently 12 World Bank-supported projects underway, 3 under preparation, and 23 projects have been completed. The ongoing projects are in the agriculture, education, environment, financial sector reform, health, and infrastructure sectors. World Bank-supported projects, described in more detail in this publication, contribute to the integrated program of assistance designed to help reduce poverty and improve the lives of the people of Lao PDR.



The World Bank's program in Lao PDR aims to support the Government's reform efforts under the New Economic Mechanism (NEM), which was introduced in 1986. The NEM has helped transform the economy from a centrally planned to a market-oriented system to create stability and growth for the country. Lao PDR remains one of the Least Developed Countries by United Nations standards and is one of the poorest in East Asia.

Lao People's Democratic Republic (Lao PDR) is the poorest and least developed country in the East Asia region, with an estimated per capita income of US\$310 in 2002. More than three-quarters of the people of Lao lives on less than US\$2 a day, and the country's social indicators are among the worst in the region.

On a brighter note, Lao's poverty levels have decreased substantially over the past 10 years. Preliminary results of the 2002-03 Lao Expenditure and Consumption Survey III (LECS III) indicate the poverty headcount rate fell from 39% to 31% since the 1997/98 survey. This progress was driven largely by a decline in numbers of rural poor.

Just five years ago, poverty in rural areas was twice as high as in urban areas, but recent data shows that this gap has now declined to 30%. Lower inequality has also contributed to reduced poverty. Over the same period, the Gini coefficient (a measure of income inequality) declined from 0.35 to 0.33 suggesting that economic growth has become more pro-poor.

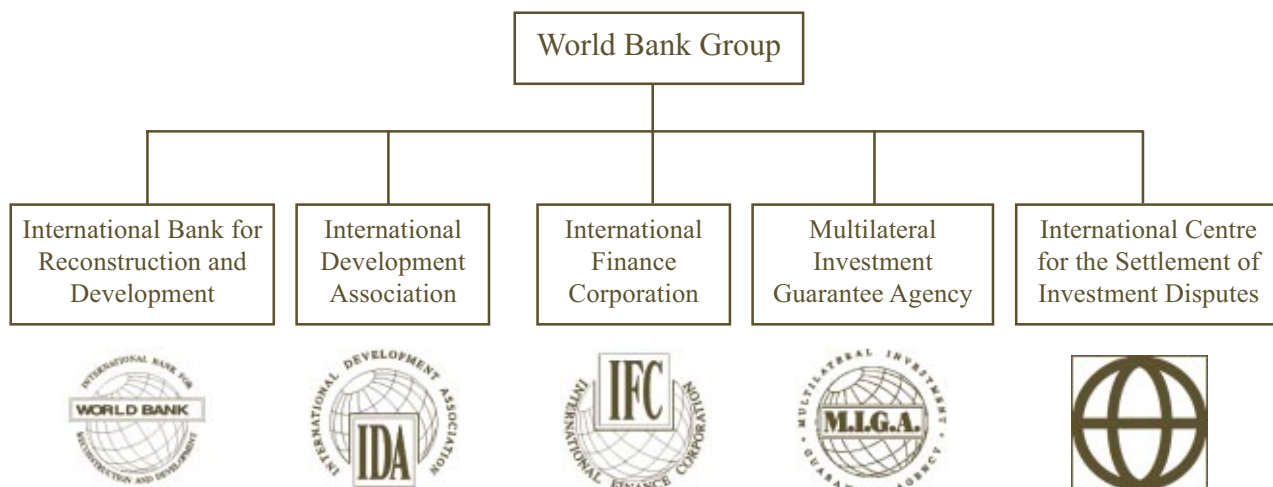
The decline in rural poverty reflects a gradual improvement in agricultural policy through greater market orientation. Diversification of production systems, a higher share of livestock production, and continuing regional specialization have spurred agricultural growth since 1997/98. Agriculture remains the major driver of the economy, contributing 53% of GDP and employing over 80% of the labor force.

## What Is the World Bank Group?

The World Bank Group is an international development organization that works to reduce poverty worldwide. It is not a “bank” in the common sense of the term; rather it is an international organization owned by the 184 countries – both developed and developing – that are its members. It is like a cooperative, where its members are shareholders. Through their representatives on the Bank’s Board of Executive Directors, these countries determine Bank policy, oversee its operations and benefit from its work.

The World Bank was established in 1944, and its official name then was the International Bank for Reconstruction and Development (IBRD). When it first began operations in 1946, it had 38 members. That number increased sharply in the 1950s and 1960s when many countries became independent nations and joined the World Bank. As membership grew and needs changed, the World Bank expanded to meet these needs and now comprises five different agencies that together make up the World Bank Group.

The World Bank Group consists of the *International Bank for Reconstruction and Development* (IBRD), which lends to middle-income countries; the *International Development Association* (IDA), which lends to low-income countries; the *International Finance Corporation* (IFC), which lends to the private sector; the *Multilateral Investment Guarantee Agency* (MIGA), which provides non-commercial risk insurance; and the *International Center for Settlement of Investment Disputes* (ICSID).



### International Bank for Reconstruction and Development

The International Bank for Reconstruction and Development, or IBRD, provides loans and development assistance to middle-income countries. IBRD obtains most of its funds through the sales of bonds in international capital markets. Lao PDR joined IBRD on July 5, 1961.

### International Development Association

The International Development Association, or IDA, plays a key role in supporting the Bank’s poverty reduction mission. Its assistance is focused on the poorest countries, to which it provides interest-free loans and grants. IDA depends on contributions from its wealthier member countries—including some developing countries—for most of its financial resources. Lao PDR joined IDA on October 28, 1963.

### **International Finance Corporation**

The International Finance Corporation, or IFC, promotes growth in the developing world by financing private-sector investments and providing technical assistance and advice to governments and businesses. In partnership with private investors, IFC provides both loan and equity finance for business ventures in developing countries. Lao PDR joined IFC on January 29, 1992.

### **Multilateral Investment Guarantee Agency**

The Multilateral Investment Guarantee Agency, or MIGA, encourages foreign direct investment in developing countries by providing guarantees to foreign investors against loss caused by noncommercial risks. MIGA also provides technical assistance to help developing countries promote investment opportunities and uses its legal services to smooth possible impediments to investment. Lao PDR joined MIGA on April 5, 2000.

### **International Centre for the Settlement of Investment Disputes**

The International Centre for the Settlement of Investment Disputes, or ICSID, provides facilities for settlement—by conciliation or arbitration—of investment disputes between foreign investors and their host countries.

## **How Does the World Bank Group Work?**

All five agencies of the Bank play different, complementary roles.

### **BANKER**

Over the years, the Bank has developed a variety of lending instruments to meet its borrowers' needs. There are two main lending arms of the Bank—IBRD and IDA.

IBRD offers middle-income countries a cheap alternative for raising the funds they need to back reforms and public services. Countries that borrow from the IBRD have more time to repay than if they borrowed from a commercial bank—15 to 20 years with a three-to-five-year grace period before the repayment of principal begins. Developing country governments borrow money for specific programs, including poverty reduction efforts, delivery of social services, protection of the environment, and promotion of economic growth that will improve living standards. In fiscal 2002 IBRD provided loans totaling \$11.5 billion in support of 96 projects in 40 countries.

IDA helps the world's poorest countries reduce poverty by providing grants and "credits," which are loans at zero interest with a 10-year grace period and maturities of 35 to 40 years. These countries lack the financial ability to borrow from IBRD or from commercial markets. At present, 81 countries are eligible to borrow from IDA. Together these countries are home to 2.5 billion people, comprising half of the total population of the developing countries.

### **BROKER**

Other sources of development funding include loans or grants from wealthier nations through *bilateral* agreements (i.e., a borrowing agreement between two countries), from international organizations or groups of countries through *multilateral* agreements (i.e., agreements among multiple countries), from export credit agencies, or from private business.

To help countries facing immediate budget crises, the major supporters of development established several trust funds administered by the Bank. Trust funds may be used to support critical investment operations, debt relief, emergency reconstruction, or technical assistance.

Finally, by covering noncommercial risks that the private sector and financial institutions are not normally prepared or willing to take on, MIGA guarantees encourage private investment in developing countries. The IFC works with the private sector in developing countries in order to encourage private investment.

**DONOR**

Although primarily a lending institution, the World Bank Group oversees a number of grant facilities. The Development Grants Facility, for example, funds pilot projects that test innovative approaches and technologies in the solution of development problems. Bank grants have supported projects in the areas of rural development, health, education, economic policy, environmental protection, and private-sector development.

**ADVISOR**

World Bank advice draws on years of development experience, analysis, and research. In fact, the Bank is one of the world's largest centers for research in the area of development economics, studying poverty, trade, globalization, and the environment. Additionally, each project has a research phase when Bank staff and their partners examine many factors that are important to a country's economic and social health. These factors range from economic and trade prospects to poverty levels and whether safety nets are working. The Bank also has specialized departments that advise in areas of health, education, nutrition, financial services, justice, law, and environment.

**KNOWLEDGE RESOURCE**

In line with the Bank's goal of helping countries help themselves, the *World Bank Institute*, the training arm of the Bank, offers teaching and informational programs, often in conjunction with local research and teaching institutions, to enhance members' development skills. The World Bank Institute also develops and maintains databases and networks for sharing knowledge on international development.

**PARTNER**

The World Bank's main partners in development are its client country governments. However, the Bank also partners with organizations that are equally experienced or better placed to secure participation from stakeholders and local communities in developing countries. It has built, and continues to strengthen, partnerships with other multilateral development banks, United Nations agencies, bilateral donors, the private sector, academic institutions and civil society organizations.

The World Bank's government shareholders are represented by a Board of Governors. Generally, these governors are ministers, such as Ministers of Finance or Ministers of Development. The governors are the ultimate policy makers in the World Bank. They meet once a year at the Bank's Annual Meetings.

Because these ministers meet only once a year, they delegate specific duties to their Executive Directors, who work on-site at the Bank. Every member government of the World Bank Group is represented by an Executive Director. The five largest shareholders—France, Germany, Japan, the United Kingdom, and the United States—appoint an Executive Director, while other member countries are represented by 19 Executive Directors.

Lao PDR currently is represented on the Board of Directors, along with Brunei Darussalam, Fiji, Indonesia, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, Vietnam by Mr. Rapee Asumpinpong.

The 24 Executive Directors make up the Board of Directors of the World Bank. They normally meet twice a week to oversee the Bank's business, including approving loans and guarantees, new policies, the administrative budget, country assistance strategies, and borrowing and financial decisions.

The Bank's president is, by tradition, a national of the largest shareholder, the United States. Elected for a five-year renewable term, the president of the World Bank chairs meetings of the Board of Directors and is responsible for overall management of the Bank. The current president of the World Bank Group is Mr. James D. Wolfensohn, who has been president since 1995.

The Bank employs approximately 10,000 people, including economists, educators, environmental scientists, financial analysts, anthropologists, engineers, and many others. Employees come from about 160 different countries, and over 3,000 staff work in country offices. There has been a move to place more of the Bank's staff in country offices, where they can work closely with their client counterparts.

The Bank lends money to middle-income countries at interest rates that are lower than the rates on loans from commercial banks. In addition, the Bank lends money at no interest to the poorest developing countries that cannot find other sources of loans. Countries that borrow from the Bank also have a much longer period to repay their loans than commercial banks allow and a longer grace-period before repayments must begin. To make the loans, the Bank borrows the money it lends. It has good credit because it has large, well-managed financial reserves. This means it can borrow money at low interest rates from capital markets all over the world and can then lend money to developing countries on very favorable terms.

The Bank offers two basic types of loans: investment loans for goods, works and services in support of economic and social development projects in a broad range of sectors. Adjustment loans provide financing to support policy and institutional reforms.

The Bank's financial reserves come from several sources—from earnings on its investments, from fees paid in by member countries, from contributions made by members (generally the richer ones) and from borrowing countries when they pay back their loans.

The World Bank lends only a portion of the money needed for a project. The borrowing country must get the rest from other sources or use its own funds. Eventually, since the country must pay back its loans, it ends up paying for most, if not all, of a project.

World Bank loans are for specific development projects, as well as for technical assistance and policy guidance. For example, World Bank loans help countries supply people with safe drinking water; build schools and train teachers; increase agricultural productivity, manage forests and other natural resources; build and maintain roads, railways and ports; reduce air pollution and other environmental problems; generate and distribute energy; and expand health care services, especially for women and children.

In addition, the Bank lends money to hire technical experts and to help countries reshape their economies to make them more efficient and productive. In an average year, the World Bank lends roughly US\$20 billion to the governments of about 80 developing countries to support more than 225 projects.

### **What Is IDA?**

The International Development Association (IDA) is the World Bank Group's financing window for the world's poorest developing countries. IDA lends to countries that have a per capita income in 2001 of less than US\$875 and lack the financial ability to borrow from IBRD. IDA credits have maturities of 35 or 40 years with a 10-year grace period on repayment of principal. There is no interest charge; but credits do carry a small service charge of 0.75 percent on disbursed balances.

Since 1960, IDA has lent US\$115 billion to 106 countries. It lends, on average, about US\$6 to 7 billion a year for different types of development projects, especially those that address peoples' basic needs, such as primary education, basic health services, and clean water and sanitation. IDA also funds projects that protect the environment, improve conditions for private business, build needed infrastructure, and support reforms aimed at liberalizing countries' economies. All these projects pave the way for economic growth, job creation, higher incomes and a better quality of life.

IBRD and IDA share the same staff, the same headquarters, report to the same president and use the same rigorous standards when evaluating projects. IDA simply takes its money out of a different “drawer.” A country must be a member of IBRD before it can join IDA; 162 countries are IDA members.

Whereas IBRD raises most of its funds on the world’s financial markets, IDA is funded largely by contributions from the governments of the richer member countries. Their cumulative contributions since IDA’s beginning total US\$109 billion. Additional funds come from repayments of IDA credits and from IBRD’s net income.

At present, 80 countries are eligible to borrow from IDA, including Lao PDR. Together these countries are home to 2.5 billion people, comprising half of the total population of the developing countries. An estimated 1.1 billion people in IDA countries survive on incomes of less than US\$1 a day. Some countries, such as India and Indonesia, are eligible for IDA due to their low per capita incomes but are also credit worthy for some IBRD borrowing. These countries are known as “Blend Borrowers.”

IDA eligibility is a transitional arrangement, allowing the poorest countries access to substantial resources before they can obtain from the markets the financing they need in order to invest. As their economies grow, countries “graduate” from eligibility. The re-payments (or reflows) they make on their loans then help finance new IDA loans to other poor countries.

Donors get together every three years to replenish IDA funds. Currently in the “13th Replenishment,” financing for projects runs from late 2002 through June 30, 2005. Funding for the 13th Replenishment allows IDA to lend about US\$23 billion, of which donors’ contributions provide about half. The remaining funds come largely from reflows of previous IDA credits, as well as other non-donor resources.

While the bulk of IDA financing (more than 70 percent in fiscal year 2002 ) is for investment projects, IDA also provides adjustment credits. These credits help governments finance their overall development expenditures—including teacher salaries, operations and maintenance of health centers, road rehabilitation and agricultural extension—in the context of macroeconomic and sectoral reform programs. To help governments put reform programs in place, IDA advises on the best policies for attaining broad-based economic growth and reducing the vulnerability of the poor to economic shocks.

### **How IDA Resources Are Allocated**

IDA’s 80 eligible Borrowers together have very significant needs for concessional funds. But since most of IDA’s resources are donated by member governments, the amount of funds available for lending is virtually fixed once donations are pledged. IDA allocates scarce resources among eligible borrowing countries in relation to their income level and track record of success in managing their economies and their ongoing IDA projects.

**Eligibility Criteria:** Three criteria are used to determine which countries are eligible to borrow IDA resources—

- Relative poverty, defined as GNP per capita below an established threshold, currently US\$885.
- Lack of credit worthiness to borrow on market terms and therefore a need for concessional resources to finance the country’s development program.
- Good policy performance, defined as the implementation of economic and social policies that promote growth and poverty reduction.

**Allocation Criteria:** The main factor that determines the allocation of IDA resources among eligible countries is each country’s performance in implementing policies that promote economic growth and poverty reduction. Per capita income is also a determinant, with the poorest of the eligible countries receiving higher allocations for a given performance level.

**Performance Ratings:** Every year World Bank staff assess the quality of each Borrower's policy performance. The criteria and methodology of these assessments have evolved over time to incorporate lessons from experience as well as research findings. Beginning in 1998, the country performance assessment was broadened to include an evaluation not only of a government's policies, but also of the institutions in place to implement them. In addition, a discount is applied to the ratings of countries with severe governance problems, as weak governance has been shown to be a major obstacle to development. Finally, the performance assessment also takes into account the performance of the country's active project portfolio. The 20 performance criteria are grouped into four areas:

- Economic Management
- Structural Policies
- Policies for Social Inclusion/Equity
- Public Sector Management and Institutions

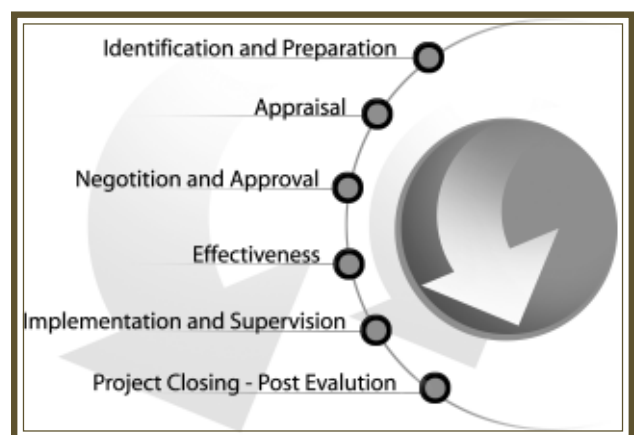
**Allocation Process:** The allocation of IDA's resources is determined primarily by each Borrower's rating in the annual country performance and institutional assessment. In addition, the IDA 12 Agreement recommends that because the acceleration of economic and social development in Sub-Saharan Africa remains foremost among IDA's priorities, these countries should receive priority in the allocation process, provided that policy performance warrants it. Finally, for Borrowers that are eligible for both IDA and IBRD funds ("Blend countries"), allocations must take into account those countries' credit worthiness for and access to other sources of funds, as well as their ability to use IDA resources effectively to reduce poverty.

Lending allocations are determined on a three-year rolling basis and are used for planning purposes by the World Bank's operational departments. Individual country allocations serve as an anchor for the formulation of Country Assistance Strategy lending programs, which, if appropriate, can deviate from the performance-based allocations to reflect changes in performance in between annual assessments and/or exceptional country circumstances.

**Lending and Performance.** IDA management monitors actual lending to each country in relation to the planning allocations. The allocations are administered flexibly to ensure that they respond promptly to important changes in performance. As a result, actual lending on per capita terms is strongly correlated with performance levels. This link between lending and performance has resulted in an increasing concentration of lending to countries where policy performance is most conducive to effective use of resources.

### How Does A Project Start?

The project cycle begins when a developing country **identifies** a need, designs a project and asks the Bank for a loan. Experts from the borrowing country and the World Bank study the plan carefully. The Bank **appraises** the project, asking questions such as: Will the project help the country's economy? Will it benefit the poorest people and increase economic opportunities for women? What impact would it have on the environment both now and in the future? Can other sources of funding be found? And will the country be able to maintain the project once funding ends?



**Negotiation** is the stage at which the Bank and the Borrower agree on the measures necessary to ensure the success of the project; the drafting and negotiation of the legal documents are an essential part of the process of ensuring that the Borrower and the Bank are in agreement, not only on the broad objectives of the project, but also on the specific actions necessary to achieve them and the detailed schedule for project implementation. These agreements are then converted into legal obligations, set out in the loan documents. When negotiations have been completed, the appraisal report, amended to reflect the agreements reached, together with the President's report and the loan documents, are presented to the Bank's Executive Directors. If the Executive Directors approve the operation, the loan is then signed.

Following Board approval, the loan or credit agreement is submitted to whatever final process is required by the borrowing government. For example, agreements may have to be ratified by a country's legislature. The process may last up to several months. If the outcome is positive, the loan or credit is declared effective, or ready for disbursement.

**Implementation** is the responsibility of the Borrower, with agreed technical assistance from the Bank. The **supervision** of the project is the responsibility of the Bank. The Borrower prepares the specifications and evaluating bids for the procurement of goods and services related to the project. Once the Bank reviews this work and determines that the Bank's procurement guidelines have been followed, funds are disbursed.

Once funds have been disbursed, supervision entails monitoring, evaluating and reporting on project progress. The Bank carefully monitors progress and pays out the loan bit by bit. Once finished, a project is evaluated to learn how successful it has been and to see how much it has helped—and will continue to help—the country's economy and its people.

The project cycle is often complex and can take many years to complete. Not all projects funded by the World Bank are judged successful, but the large majority of them are. And lessons learned from one project are applied to others to help them succeed.

In collaboration with the International Monetary Fund (IMF), the Bank is supporting Lao PDR's National Poverty Eradication Program, which is its Poverty Reduction Strategy Paper (PRSP). PRSPs are country-owned poverty reduction strategies that provide the basis for all World Bank (IDA) and IMF concessional lending. The Bank and Fund adopted this approach in 1999 to help developing countries and development partners strengthen the impact of their common efforts on poverty reduction. PRSPs are updated annually and describe the country's plans to foster growth and reduce poverty through three-year economic adjustment programs that include macroeconomic, structural and social policies. In addition, the PRSP describes associated external financing needs and major sources of financing.

The PRSP serves as a crucial input to the Country Assistance Strategy (CAS), which is the plan for how the World Bank will assist Lao PDR over a three- to four-year period. Based on the PRSP, an assessment of the country's priorities, past portfolio performance and credit worthiness, the CAS sets the level and composition of financial and technical assistance that the Bank can provide during the CAS period.

While the country owns its development strategy as outlined in the PRSP, the Bank uses the CAS specifically to account to its shareholders for its diagnosis and the programs it supports. The CAS is developed in cooperation with the Government and civil society. All CASs are reviewed by the Bank's Board of Executive Directors; the Bank then issues a CAS Public Information Notice (CPIN) and a Chairman's summary of the Board discussion. The CASs for all International Development Association countries are disclosed to the public, according to the Bank's Disclosure Policy (see page 28 ).

## **Lao PDR and the World Bank at Work—Projects in Progress**

There are currently 12 World Bank-supported projects under implementation in Lao PDR, at various stages in the project cycle, and three projects in the pipeline. Following is a brief description of each of these projects, as well as a list of the 22 World Bank-supported projects that have been completed. Detailed information on all these projects is available at the Public Information Center in Vientiane, at the respective offices of the project implementation units or on the World Bank's Web site at [www.worldbank.org/lao](http://www.worldbank.org/lao). Simply click on Regions/Countries and select Lao PDR from the alphabetical list. Here you will find information on all active and pipeline projects and other information about World Bank activities in Lao PDR.

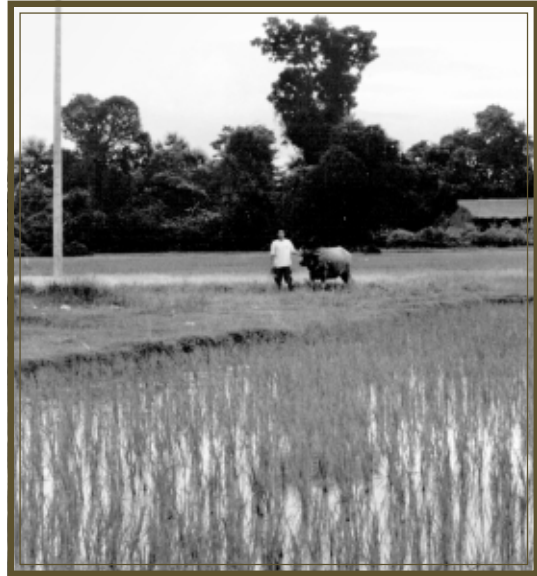


## Agricultural Development Project

**The Agricultural Development Project** aims to reduce rural poverty by improving agricultural production. It takes a community-based approach, meaning that the communities are actively involved in designing and implementing agricultural programs that directly affect their livelihoods. The project also seeks to reinforce the Government's program of decentralization by strengthening the skills of provincial and district administrations in agriculture management and development.

The project includes six components:

1. **The Tracks and Trails Rehabilitation** component is rehabilitating about 165 km of access tracks linking irrigation schemes to villages and to the nearest graveled roads to improve people's access to markets for their agriculture produce, as well as for the delivery of rural and technical services to farmers. The project also supports improvements to rural water supply and sanitation services.
2. **The Village Investment for the Poor** component is providing a US\$20,000 grant annually to specific districts for implementing small-scale projects chosen by the villagers. These grants are intended for women, ethnic minorities and poorer households.
3. **The Improved Agricultural Services** component is strengthening agricultural agencies at the district, provincial and central levels to better deliver technical support to farmers. It focuses on improving essential services, such as farmer training, adaptive research trials and on-farm demonstrations of new techniques, basic extension and water management. This component also includes support for the establishment of water-user associations.
4. **The Irrigation Management** component focuses on rehabilitating 18 small- and medium-scale gravity-based irrigation schemes, converting three diesel pumps to electricity-based pumps and developing a policy for transferring responsibility for irrigation management to water-user associations.
5. **The Village Water Supply and Sanitation** component provides for the installation of about 200 hand pumps, construction of about 140 open wells for communities that lack access to safe drinking water and installation of 340 sanitary pits. This component also includes public awareness and education campaigns on health and hygiene.
6. **The Project Implementation Support** component covers the costs of implementing the project and strengthening the monitoring and evaluation process of the project at the district, provincial and central levels.



Basic Information	
<b>Geographic area</b>	Khammouane, Champasak, Saravanne and Attapeu provinces
<b>Borrower</b>	Government of the Lao People's Democratic Republic
<b>Type of credit</b>	Specific Investment Loan
<b>Terms of financing</b>	Standard IDA terms
<b>Date approved</b>	29 May 2001
<b>Expected closing date</b>	30 June 2007

<b>Financial</b>	
<b>Amount of IDA credit</b>	US\$16.69 million
<b>Government financing</b>	US\$0.86
<b>Japan Social Development Fund</b>	US\$0.66
Total project cost	US\$18.21 million
<b>For more information</b>	
<b>Contact the Project Implementation Unit</b>	Department of Planning, Ministry of Agriculture and Forestry, Vientiane
<b>Contact person</b>	Mr. Vannakone Phommasthit, Director General Tel: (856-21) 415-359 Fax: (856-21) 415-363 E-mail: Maf@laogov.net
<b>World Bank Task Team Leader</b>	Mr. Steven Schonberger E-mail: sschonberger@worldbank.org

## Financial Management Adjustment Credit

**The Financial Management Adjustment Credit (FMAC)** is part of a package of three IDA credits designed to help the Government restructure the economy and address financial imbalances in the budget, the state-owned enterprise sector and the banking system to help prepare it to manage substantial financial flows from the proposed Nam Theun 2 Hydroelectric project, should it be approved by the World Bank's Board of Executive Directors (see page 25 for information on Nam Theun 24)



The FMAC supports Government reform program activities mainly in three areas—the public financial management, the state-owned enterprise sector and the financial sector—and also addresses forestry sector-related issues within each of the three components:

1. The **Public Financial Management** component aims to improve budget planning, spending and management and make the process more transparent. It is also working to improve the management of natural resources.
2. The **State-Owned Enterprise** component covers the restructuring of large enterprises such as electricity supply, water management aviation and logging companies to make their operation more efficient and commercially viable. This component also strengthens the mechanisms for monitoring the financial and operational performance of the state enterprises and establishes a framework for ongoing reform.
3. The **Financial Sector** component seeks to stabilize the financial condition of state-owned commercial banks by restructuring non-performing loans (NPLs) and creating enough house to minimize future NPLs. This component also supports the establishment of a policy framework for rural and micro-financing to help reduce poverty.

<b>Basic Information</b>	
<b>Geographic area</b>	Vientiane
<b>Borrower</b>	Government of the Lao People's Democratic Republic
<b>Type of credit</b>	Structural Adjustment Loan
<b>Terms of financing</b>	Standard IDA terms
<b>Date approved</b>	25 June 2002
<b>Expected closing date</b>	30 April 2004
<b>Financial</b>	
<b>Amount of IDA credit</b>	US\$17 million
<b>Government financing</b>	
Total project cost	US\$37 million
<b>For more information</b>	
<b>Contact the Project Implementation Unit</b>	Ministry of Finance, That Luang Road, P.O. Box 46, Vientiane
<b>Contact person</b>	Mr. Chansy Phosikham, Minister of Finance, Mrs. Viengthong Siphandone, Director, External Finance Relations Department Tel: (856-21) 412-142 Fax: (856-21) 412-140
<b>World Bank Task Team Leader</b>	Mr. Kazi M. Matin E-mail: kmatin@worldbank.org

## Financial Management Capacity Building Credit

**The Financial Management Capacity Building Credit** complements the Financial Management Adjustment Credit, which aims to improve the financial management of Lao PDR by improving the imbalances of the state-owned commercial banks, state-owned enterprises and increasing the efficiency of public expenditure management. The capacity building project provides technical assistance through consultancy services and training programs for policy makers, civil servants and officials in key regulatory agencies to strengthen institutional capacity and assist them in implementing the Government's reform program.

This project aims to build in-country capacity to design and carry out restructuring plans for state-owned commercial banks and to assess, develop and support the legal and institutional framework for resolving non-performing loans. It also seeks to strengthen the capacity of the Bank of Lao PDR (BOL) to supervise state-owned commercial banks and that of the Government to monitor and support Bank restructuring plans and develop rural and micro-finance plans.

With respect to public finances, the project is working to build capacity in budget planning, monitoring and tracking; improve transparency of the budget making and monitoring process; ensure adequate public disclosure of financial information; raise public sector accounting and auditing standards; and improve the transparency and efficiency of public procurement.

Finally, the project is strengthening oversight of the financial and operational performance of public enterprises by building the capacity of board directors and senior management in corporate governance, financial management and enterprise restructuring.

<b>Basic Information</b>	
<b>Geographic area</b>	Vientiane
<b>Borrower</b>	Government of the Lao People's Democratic Republic
<b>Type of credit</b>	Specific Investment Loan
<b>Terms of financing</b>	Standard IDA terms
<b>Date approved</b>	25 June 2002
<b>Expected closing date</b>	30 April 2008
<b>Financial</b>	
<b>Amount of IDA credit</b>	US\$8.5 million
<b>Government financing</b>	US\$0.95 million
Total project cost	US\$9.45 million
<b>For more information</b>	
<b>Contact the Project Implementation Unit</b>	Ministry of Finance, That Luang Road, P.O. Box 46, Vientiane
<b>Contact person</b>	Mr. Chansy Phosikam, Minister of Finance, Mrs. Viengthong Siphandone, Director, External Finance Relations Department, and Mrs. Thippakone Chanthavongsa, Director, Project Implementation Unit, Tel: (856-21) 412-142 Fax: (856-21) 412-140.
<b>World Bank Task Team Leader</b>	Ms. Renuka Vongviriyatham E-mail: renuka@worldbank.org

## Health System Reform and Malaria Control Project

**The Health System Reform and Malaria Control Project** aims to improve the health status of the people of Lao PDR by strengthening the malaria control program and improving the quality of basic health care to directly benefit infants, children and women.

The project has three components:

1. The **Basic Health Services** component is developing basic health care service packages, including immunization, oral rehydration therapy, family planning, anemia and amoeba detection and treatment, and malaria and TB prevention and treatment. It is rehabilitating existing basic health care facilities at the village, district and provincial levels and building new health facilities at district and provincial levels. At the village level, existing but non-functional and scattered dispensaries are being converted into rural health centers that can each provide care to about 3,400 people. Community drug funds are being created at health centers and hospitals to purchase and dispense high-quality essential drugs. Safe use of essential drugs is being promoted through seminars, training, social marketing and information and education activities for physicians, pharmacists, drug-store keepers and the general public.
2. The **Malaria Control** component uses such control methods as chemically treated mosquito nets; mass drug administration for malaria outbreaks; community education programs to teach people how to avoid getting malaria; diagnosis and prompt treatment at the village, health center and district levels; and insecticide spraying in areas of likely epidemics. In addition, a small research program has been set up to study mosquito behavior and resistance to insecticide; map malarial communities; and determine community knowledge, attitudes and practices with respect to malaria prevention.
3. The **Project Management** component provides technical assistance to strengthen participating health facilities and improve the implementation capacity of the health management systems at the central, provincial and district levels.



Basic Information	
<b>Geographic area</b>	Savannakhet, Sekong, Champasak provinces and the Special Zone of Saysomboune; For malaria control: Luang Prabang, Luang Namtha, Bokeo, Savannakhet, Saravanne, Sekong, Champasak, and Attapeu provinces, and the Special Zone of Saysomboune.
<b>Borrower</b>	Government of the Lao People's Democratic Republic
<b>Type of credit</b>	Specific Investment Loan
<b>Terms of financing</b>	Standard IDA terms
<b>Date approved</b>	5 January 1995
<b>Expected closing date</b>	31 December 2004

<b>Financial</b>	
<b>Amount of IDA credit</b>	US\$19.2 million
<b>Government financing</b>	US\$1.2 million
<b>Government of Belgium:</b>	US\$3.5 million
<b>Private Sources:</b>	US\$0.4 million
Total project cost	US\$22.3 million
<b>For more information</b>	
<b>Contact the Project Implementation Unit</b>	Ministry of Health, Simeuang Road, P.O. Box 2236, Vientiane
<b>Contact person</b>	Dr. Sisamone Keola, Director, PCU Tel: (856-21) 214-059 Fax: (856-21) 214-058
<b>World Bank Task Team Leader</b>	Mr. Jayshree Balachander E-mail: jbalachander@worldbank.org

## Land Titling Project

**The Land Titling Project** aims to foster the development of efficient land markets and facilitate the mobilization of domestic resources by providing a system of clear and enforceable land use and ownership rights, and by developing in-country capacity for land valuation. This project supports the first phase of a longer-term national land titling program aimed at extending secure land ownership and developing land administration and valuation systems.



The project has six components:

1. **Completion of a Policy and Legal Framework for Land Management and Administration** component supports the efforts of the Ministry of Finance and the Ministry of Justice in preparing a policy framework for land legislation to improve the legal basis for land management and administration. Laws and regulations are being developed to overcome the legal constraints to the land titling program, ensure secure legal status of land titles and support registration of land transactions.
2. The **Accelerated Land Titling Program** component supports a combination of public- and private-sector approaches for the production of maps, development and testing of a system for land registration procedures, preparation of records and certificates and their distribution to land holders, and filing of records in provincial land offices. This program is also working to develop a legal and institutional framework for land registration and includes public information activities and briefings for local government officials to ensure that landholders and other stakeholders have the necessary knowledge to participate in the land titling program.
3. The **Improvements in the Infrastructure, Facilities and Systems for Land Administration** component supports the long-term development of land administration systems to improve efficiency and service delivery, ensure the security of land records and sustain the land titling program after project completion. It also supports the development of a computerized land registration system to improve records management and a land records management policy that addresses issues of access to documents for the purposes of land transactions and the secure storage of documents; improvement of provincial land office facilities; training for land office staff; and the creation of customer relations services.
4. The **Improvements in Land Valuation** component assists the Ministry of Finance in developing an equitable land valuation policy and legislation; training staff in land valuation; establishing a sales and rental valuation database for Vientiane Municipality and other major urban areas; and increasing revenue collection from land registration services, leasing and land taxes.
5. The **Support for Project Management and Implementation and Institutional Strengthening** component seeks to strengthen the organizational capabilities of the Department of Land and Housing Management (DOLHM) and its provincial offices in project planning, management, monitoring and evaluation of the land titling program. This component also finances several studies needed in order to develop the most appropriate long-term land administration system for Lao PDR. A study of community land tenure is intended to determine the most appropriate registration procedures; a study of the definition of forest boundaries will help develop the most appropriate procedures for registering land adjacent to forests. Other studies

focus on land fees and cost recovery, land rights issues on nationalized lands and the socio-economic impact of land titling.

6. The **Technical Assistance and Overseas Training** component covers study tours and overseas scholarships for education in surveying, digital mapping, valuation, land administration, land information systems and public administration for staff so they can effectively implement the land titling program.

Under this project, landowners have been able to use their new titles as collateral to get bank loans to expand their businesses or establish new ones. Government revenues have been boosted through land-related taxes and fees. While still a small share of total government revenues, government earnings from land related taxes and fees more than doubled in a two-year period. The Lao Women's Union assisted in community outreach to inform women of the benefits and risks of land titling. As a result, the number of titled land parcels registered jointly and in the names of women accounted for more than 70 percent of titles issued.

<b>Basic Information</b>	
<b>Geographic area</b>	Champasak, Luang Prabang, Savannakhet and Vientiane provinces, as well as Vientiane prefecture.
<b>Borrower</b>	Government of the Lao People's Democratic Republic
<b>Type of credit</b>	Specific Investment Loan
<b>Terms of financing</b>	Standard IDA terms
<b>Date approved</b>	21 March 1996
<b>Expected closing date</b>	30 September 2004
<b>Financial</b>	
<b>Amount of IDA credit</b>	US\$20.73 million
<b>Government financing</b>	US\$2.57 million
<b>AusAID</b>	US\$5.1 million
Total project cost	US\$28.4 million
<b>For more information</b>	
<b>Contact the Project Implementation Unit</b>	Department of Lands and the Ministry of Finance, Lane Xang Avenue, P.O. Box 8554, Vientiane
<b>Contact person</b>	Mr. Oun Visounnalat Tel: (856-21) 223-486 Fax: (856-21) 223-485 E-mail: landtitl@laotel.com
<b>World Bank Task Team Leader</b>	Mr. Wael Zakout E-mail: wzakout@worldbank.org

## The Second Land Titling Project

**The Second Land Titling Project** is designed to improve the security of land tenure, develop land markets and improve government revenues from property-related fees and taxes. Under this project, some 200,000 families in urban, peri-urban and lowland agricultural areas will receive land titles. Secure property rights should promote more investment in property development, provide incentives for rural land holders to invest in agricultural land and adopt more sustainable and environment-friendly agricultural practices. Land titles can also be used as collateral to access credit to open small businesses, expand existing ones, finance agriculture inputs such as seeds and fertilizers, and other long-term land improvements such as irrigation systems. This project is the second phase of support to the Government's 25-year land titling program.

The project has five components:

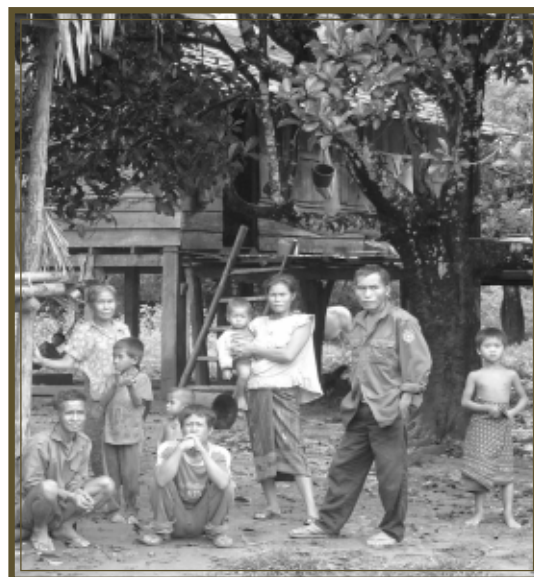
1. The **Land Policy and Regulatory Framework** component aims to support government efforts to develop the land policy and regulatory framework, build the government's capacity to formulate land policies, and establish a coordination mechanism for land information.
2. The **Institutional Development** component aims to support the long-term development of the Department of Lands and the Provincial Land Office; provide training and human resources development; and support education in the areas of land administration, land management, and property valuation.
3. The **Modern Land Registration Development** component seeks to develop a modern land registration system that is transparent, efficient and accessible to all citizens; by helping land offices operate according to agreed standards, providing community education and services, strengthening land valuation to determine the value of land and other properties to more accurately assess rental tax, land registration fees and land tax; to support land registration, and supporting the Department of State Assets Management.
4. The Accelerated Land Titling component aims to accelerate land registration through systematic registration to ensure that all households, including the poorest, have access to land titles at a price they can afford.
5. The **Project Management** component is providing technical assistance to the Project Support Unit and Provincial Project Support Units to aid in project implementation, as well as to monitor and evaluate the project's impact.

Basic Information	
<b>Geographic area</b>	Vientiane Municipality and Luang Prabang, Vientiane, Xayabouly, Savannakhet, Champasack, Khammouane, Bolikhamsai, and Saravanne provinces
<b>Borrower</b>	Government of the Lao People's Democratic Republic
<b>Type of credit</b>	Specific Investment Loan
<b>Terms of financing</b>	Standard IDA terms
<b>Date approved</b>	24 June 2003
<b>Expected closing date</b>	30 June 2009
Financial	
<b>Amount of IDA credit</b>	US\$15 million
<b>Government financing</b>	US\$2 million
<b>Australian Agency for International Development</b>	US\$5.5 million
Total project cost	US\$22.5 million
For more information	
<b>Contact the Project Implementation Unit</b>	Contact the Project Implementation Unit: Department of Lands and the Ministry of Finance, Lane Xang Avenue, P.O. Box 8554, Vientiane
<b>Contact person</b>	Mr. Oun Visounnalath Tel: (856-21) 223-486 Fax: (856-21) 223-485 E-mail: landtitl@laotel.com
<b>World Bank Task Team Leader</b>	Mr. Wael Zakout E-mail: wzakout@worldbank.org

## Poverty Reduction Fund Project

**The Poverty Reduction Fund** is designed to develop community infrastructure at the village level, provide better access to services and empower villagers in poor districts to plan and manage their own public investments. The project has three components:

1. **Sub-Project Grants** of up to US\$25,000 are available for villages to improve infrastructure in the community or for training programs. Project staff provide villagers information to make informed choices and help determine the feasibility of their choices. Infrastructure development will include the construction of bridges, footpaths, tracks, culverts, ramps, piers, road repairs and up-grading, schools, health clinics, public buildings as required for community needs, as well as communal water supply systems, irrigation and drainage systems and local markets. In the second year of the project, activities may expand to include scholarships, interventions to deal with food insecurity or disasters, micro-enterprises and provision of social services.
2. The **Local Capacity Building** component finances Provincial Technical Support Teams and District Facilitators. The Technical Support Teams are placed in each project province to provide technical assistance to *khet* project teams preparing project proposals. Teams at both the provincial and district levels include engineers and community development facilitators. In addition, there are also people who can provide assistance in financial management and procurement methods and information dissemination.
3. The **National Project Management** component finances the costs of staffing, managing, monitoring, reporting and operating the Poverty Reduction Fund at the central level. It includes technical assistance by consultants for local officials in training, monitoring, accounting, auditing, procurement assessments, legal services and other specialized areas.



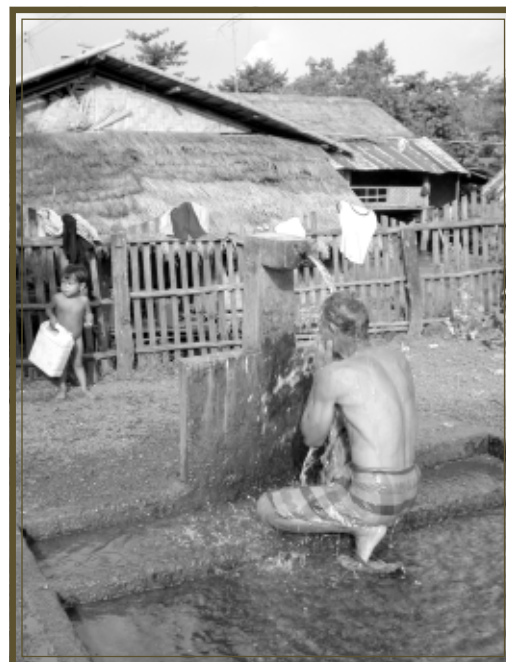
<b>Basic Information</b>	
<b>Geographic area</b>	Initially Champasak, Houaphanh and Savannakhet provinces
<b>Borrower</b>	Government of the Lao People's Democratic Republic
<b>Type of credit</b>	Specific Investment Loan
<b>Terms of financing</b>	Standard IDA terms
<b>Date approved</b>	25 June 2002
<b>Expected closing date</b>	31 March 2008
<b>Financial</b>	
<b>Amount of IDA credit</b>	US\$19.34 million
<b>Government financing</b>	US\$2.25 million
Total project cost	US\$21.59 million
<b>For more information</b>	
<b>Contact the Project Implementation Unit</b>	Poverty Reduction Fund (PRF), Committee for Planning and Cooperation (CPC), Luang Prabang Road, Vientiane
<b>Contact person</b>	Mr. Sivixay Saysanavongphet, Executive Director, PRF Tel: (856-21) 216654; 261479; 261480
<b>World Bank Task Team Leader</b>	Ms. Maryam Salim E-mail: msalim1@worldbank.org

## Provincial Infrastructure Project

The **Provincial Infrastructure Project** aims to raise the standard of living of people in the remote northern provinces of Oudomxay and Phongsaly by rehabilitating and upgrading critical basic infrastructure.

The project has four components:

1. The **Transport Access** component is improving people's access to areas beyond their communities by rehabilitating and maintaining roads and constructing an airfield and river crossings, as well as developing local private contractors capable of completing work in the future.
2. The **Township Water Supply** component provides sufficient and reliable water supply sources for the community.
3. The **Rural Water Supply and Sanitation** component provides water and sanitation services to rural areas. It also promotes hygiene awareness and user groups to manage and maintain water and sanitation facilities.
4. The **Institutional Strengthening** component aims to improve the capabilities of technical and administrative officials in local government to carry out and monitor provincial investment projects.



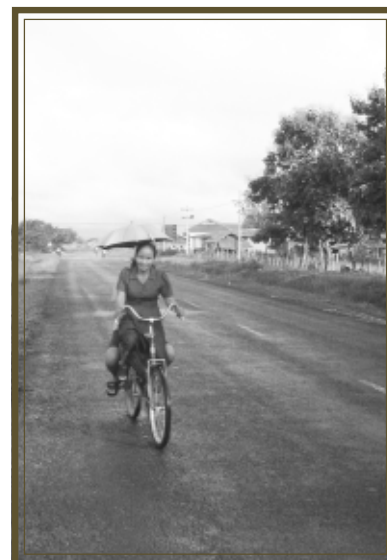
Basic Information	
<b>Geographic area</b>	Phongsaly and Oudomxay provinces
<b>Borrower</b>	Government of the Lao People's Democratic Republic
<b>Type of credit</b>	Specific Investment Loan
<b>Terms of financing</b>	Standard IDA terms
<b>Date approved</b>	22 September 1998
<b>Expected closing date</b>	30 November 2006
Financial	
<b>Amount of IDA credit</b>	US\$27.8 million
<b>Government financing</b>	US\$2.7 million
Local beneficiari	US\$0.65 million
Total project cost	US\$31.10 million
For more information	
<b>Contact the Project Implementation Unit</b>	Phongsalit and Oudomxay provincial governments
<b>World Bank Task Team Leader</b>	Mr. William Paterson E-mail: wpaterson@worldbank.org

## Road Maintenance Project

**The Road Maintenance Project** is helping the Government to develop a modern and sustainable road financing and management system to ensure the sustainable preservation of the country's national and local road networks.

The project has two main components:

1. The **Preservation of Road Network through Civil Works** component covers periodic maintenance and rehabilitation works on about 1,000 km of the national road network (NRN) and about 300 km of the local road network (LRN), including re-graveling, resealing, asphalt overlay, bridge repairs, road marking, road signage and rehabilitation work. It also covers routine emergency works, such as removal of debris from road accidents and landslides, and routine maintenance, such as vegetation control, cleaning drains and patching potholes. This component is also working to reduce overloading on the road network by promoting new weight limit policies; encouraging the replacement of single-axle trucks with multi-axle trucks; and increasing fines for overloading. It is also working to improve the partnership between the Government and the transport industry.
2. The **Building Institutional Capacity of the Ministry of Communications, Transport, Post and Construction** component is establishing an integrated road-management system that covers all aspects of the road-planning process for the NRN and the LRN. It is also establishing a sustainable financing mechanism for the maintenance of the NRN and the LRN; improving project preparation, execution and monitoring by developing the skills of staff to manage technical and financial aspects of projects; developing a strategy to improve the performance of the local contracting and consulting industry; and fostering the involvement of road users and beneficiaries in delivering and managing road maintenance activities by establishing road-users associations.



Basic Information	
<b>Geographic area</b>	Luang Namtha, Luang Prabang, Savannakhet and Champasack provinces
<b>Borrower</b>	Government of the Lao People's Democratic Republic
<b>Type of credit</b>	Adaptable Program Loan
<b>Terms of financing</b>	Standard IDA terms
<b>Date approved</b>	27 March 2001
<b>Expected closing date</b>	31 December 2004
Financial	
<b>Amount of IDA credit</b>	US\$25 million
<b>Government financing</b>	US\$16.5 million
Local beneficiaries:	US\$5.2 million
Swedish International Development Agency (SIDA)	US\$1.1 million
Total project cost	US\$47.8 million
For more information	
<b>Contact the Project Implementation Unit</b>	Ministry of Communications, Transport, Post and Construction, Lane Xang Avenue, P.O. Box 4467, Vientiane
<b>Contact person</b>	Mr. Viengsavath Siphandone, Director General, Department of Roads Tel: (856-21) 412-741 Fax: (856-21) 414-132 E-mail: sommad@laotel.com
<b>World Bank Task Team Leader</b>	Mr. William Paterson E-mail: wpaterson@worldbank.org

## Southern Provinces Rural Electrification Project

The **Southern Provinces Rural Electrification Project** aims to develop economic activity in seven southern provinces by connecting them to the national grid or by off-grid electrification. The project also seeks to strengthen the capacity of the national electricity company, Electricité du Laos (EdL), to plan and implement electrification investments and operate more efficiently.

The project has three components:

1. The **Distribution Extension** component is financing lower-cost extension of the distribution grid into rural areas and small towns, as well as a sub-transmission system to provide electricity to about 50,000 households.
2. The **Off-Grid Rural Electrification** component is piloting stand-alone electricity systems, including renewable energy technologies, and is developing a national plan for off-grid rural electrification for 46 rural communities that are unlikely to be connected to the grid for at least the next 10 years. About 20 diesel mini-grids, six micro-hydro mini-grids and 20 solar battery-charging stations are being provided to these communities.
3. The **Institution Building** component provides technical assistance to Electricité du Laos in project management, procurement, financial management and regulatory and technical matters, as well as in sector planning and commercialization.



Basic Information	
<b>Geographic area</b>	Bolikhamsai, Khammouane, Savannakhet, Saravane, Champasak, Attapeu and Sekong provinces
<b>Borrower</b>	Government of the Lao People's Democratic Republic
<b>Type of credit</b>	Adaptable Program Loan
<b>Terms of financing</b>	Investment credit
<b>Date approved</b>	17 March 1998
<b>Expected closing date</b>	30 June 2004
Financial	
<b>Amount of IDA credit</b>	US\$34.7 million
<b>Electricité du Laos</b>	US\$3.5 million
<b>Villages</b>	US\$0.3 million
<b>GEF grant</b>	US\$0.7 million
Total project cost	US\$39.3 million
For more information	
<b>Contact the Project Implementation Unit</b>	Electricité du Laos (EdL)
<b>Contact person</b>	Mr. Viraphonh Viravong, Director General, EdL Tel: (856-21) 212-803 Fax: (856-21) 212-806
<b>World Bank Task Team Leader</b>	Mr. Jie Tang E-mail:jtang@worldbank.org

## Sustainable Forestry for Rural Development Project

**The Sustainable Forestry for Rural Development Project** aims to institute systematic management of natural production forests nationwide to alleviate rural poverty, protect biodiversity and promote the sustainable contribution of forestry to the national and local economies. It seeks to improve the policy, legal and incentive framework needed to expand sustainable participatory forest management throughout Lao PDR; bring the country's priority natural production forests under participatory sustainable forest management (PSFM); and improve villagers' well being and livelihoods through benefits from sustainable forestry and community development.

This project has four components:

1. The **Support Services for Sustainable Forest Management** component will determine the land area to be made into the National Production Forest Area (NPFA) and initiate a long-term program for bringing natural forest with potential for production under sustainable management.
2. The **Sustainable Forest Management and Village Development** component will establish a forest management system in which the responsibility for forest management is shared by both the Government and villagers. This component will provide resources and equipment for planning needs, such as remote sensing data, GIS mapping, forest inventory and field equipment. The component will also fund participatory planning forums at the provincial, district and village levels. The component aims to improve log measurement, species identification, grading and log marketing and commercial administration of log and forest product sales. Finally, the component provides funding for assisted regeneration of forest areas, enrichment planting and forest protection.
3. The **Forestry Sector Monitoring and Control** component will support the overall monitoring functions of both the Ministry of Agriculture and the Department of Forest, including controlling and reporting illegal or unauthorized forest operations.
4. The **Project Management** component will oversee the efficient and coordinated implementation of the project's activities with government agencies at the central, provincial and district levels and with other relevant projects, donors and NGOs. It will also include implementation of the procurement plan and financial management of the project.

<b>Basic Information</b>	
<b>Geographic area</b>	Savannakhet, Khammouane, Salavan and Champassack
<b>Borrower</b>	Government of the Lao People's Democratic Republic
<b>Type of credit</b>	Specific Investment Loan
<b>Terms of financing</b>	Standard IDA terms
<b>Date approved</b>	24 June 2003
<b>Expected closing date</b>	31 December 2008
<b>Financial</b>	
<b>Amount of IDA credit</b>	US\$9.72 million
<b>Government financing</b>	US\$0.50 million
<b>Government of Finland</b>	US\$5.78 million
Total project cost	US\$16 million
<b>For more information</b>	
<b>Contact the Project Implementation Unit</b>	National Agriculture and Forestry Extension Service, Ministry of Agriculture and Forestry, Vientiane
<b>Contact Person</b>	Sitaheng Rasphone, Vice Minister Tel: (856-21) 415-359 Fax: (856-21) 415-363 E-mail: Maf@laogov.net
<b>World Bank Task Team Leader</b>	Mr. William Magrath E-mail: wmagrath@worldbank.org

## Second Education Development Project

The **Second Education Development Project** is designed to help the Government achieve universal primary education, which is an integral part of its main strategy for poverty reduction. This project aims to bring primary education services to the country's 19 poorest districts in the six poorest provinces and to improve the abilities of education officials to plan, budget and manage school services and monitor their results. This project will cover upgrading of classroom facilities, teacher training and improvement of curricula and textbooks, monitoring student learning achievement, and policy development capacity building. To ensure greater equity in the delivery of education services, villages in the poorest districts will receive grants to improve the learning environment and increase enrolment.



The project has four components:

1. The **increasing access and completion of primary education in the poorest districts** component finances for 1) community based contracting for classroom construction; 2) community grants for schooling program to lower the cost of education to communities; and 3) in-service teacher training.
2. The **quality of primary education improvement** component finances textbooks and teachers' guides, and assessing Student Learning Outcomes through establishing a permanent national assessment system that will develop student assessment instruments to monitor achievement of basic competences.
3. The **strengthened capacities for policy analysis and management** component supports capacity building of the Energy Ministry to make information-based decisions and the Ethnic Group Development Plan, and project impact evaluation. It also strengthens information systems, supporting improved collection, analysis, reporting, filing, storing and maintenance of data and information; and strengthens capacity in management and administration.
4. The **project management and strengthen capacities in coordination, procurement and financial management** component.

Basic Information	
<b>Geographic area</b>	Attapeu, Lounagnamtha, Oudomxay, Houaphanh, Phongsaly and Xekong provinces
<b>Borrower</b>	Government of the Lao People's Democratic Republic
<b>Type of credit</b>	Specific Investment Loan
<b>Terms of financing</b>	Standard IDA terms
<b>Date approved</b>	PIPELINE
Financial	
<b>Amount of IDA credit</b>	US\$5.3 million
<b>IDA grant for poorest countries</b>	US\$7.7 million
<b>Government financing</b>	US\$500,000
Total project cost	US\$13.5 million
For more information	
<b>Contact the Project Implementation Unit</b>	Ministry of Education, Department of Planning and Cooperation, Lane Xang Avenue, Vientiane
<b>Contact Person</b>	Mr. Lytou Bouapao, Tel: (856-21) 217-795 Fax: (856-21) 216-006 email: bouapao@hotmail.com
<b>World Bank Task Team Leader</b>	Ms. Jeffrey Waite E-mail: jwaite@worldbank.org

## Projects in the Pipeline

### Nam Theun 2 Power Project

The World Bank Group has been asked to consider financial support for the Nam Theun 2 Power Project. This project aims to generate long-term revenues earned from the sale of electricity to Thailand for the Government of Lao PDR and encourage the use of those revenues to support implementation of the Government's national poverty eradication program. It also seeks to protect the Nakai-Nam Theun watershed, a globally significant biodiversity site. A proposed companion project, the Nam Theun Social and Environmental Project (NTSEP), would support social and environmental activities in the project area and the surrounding region.

The main features of this proposed project are a 48-meter-high dam on the Nam Theun river, a 450 sq. km. reservoir, a 1,070 MW powerhouse, a 500 kV transmission line to connect to the national power grid of Thailand and a 115 kV transmission line to deliver about 75 MW of power to the Lao regional grid. The proposed project would be developed by a public-private partnership: Electricité du Laos with a foreign consortium called the Nam Theun 2 Electricity Consortium, which consists of Electricité de France (France), Electricity Generating Public Company Limited (Thailand) and Italian-Thai Public Development Company Limited (Thailand). These two entities have incorporated together to form the Nam Theun 2 Power Company (NTPC). NTPC will build the dam and oversee its operation during the 25-year concession period on a Build-Own-Operate-Transfer (BOOT) basis. The proposed project would include resettlement and community development activities, environmental management and mitigation activities, and the conservation of the Nakai-Nam Theun National Biodiversity Conservation Area.

<b>Basic Information</b>	
<b>Geographic area</b>	Bolikhamsai, Khammouane and Savannakhet provinces
<b>Borrower</b>	Government of the Lao People's Democratic Republic
<b>Type of credit</b>	Partial Risk Guarantee
<b>Terms of financing</b>	[to be determined]
<b>Date approved</b>	Project pipeline/under consideration
<b>Financial</b>	
<b>Amount of Partial Risk Guarantee considered</b>	US\$50 million
Total project cost	about US\$1.1 billion plus some contingencies
<b>For more information</b>	
<b>Contact the Project Implementation Unit</b>	Ministry of Industry and Handicraft, Nam Theun 2 Project Office, HPO Building, Vientiane, Lao PDR
<b>Contact Person</b>	Dr. Maydon Chanthanasingh, National Project Director Tel: (856-21) 415442 Fax: (856-21) 415268
<b>World Bank Task Team Leader</b>	Robert Anton Mertz E-mail: rmertz@worldbank.org

### Nam Theun II Social and Environment Project

**The Nam Theun II Social and Environment Project**, still at the identification stage, is designed to be a companion project to the Nam Theun II Hydroelectric Partial Risk Guarantee the Bank is considering. Its aim would be to ensure the sustainable development of the Nakai-Nam Theun Plateau and Watershed (including surrounding parts of the ecosystem) and mitigate the environmental and social impacts of the proposed Nam Theun II hydropower project. The project would provide to Nam Thuen 2 Power Company (NTPC) a portion of the Government's equity to finance eligible environmental and social

mitigation measures identified in the safeguards documentation; support specific programs designed to reduce poverty and conserve biodiversity in areas around the plateau and watershed and downstream; and build government capacity for environmentally and socially sustainable development.

The IDA credit would finance part of the Government's equity contribution through Electricité du Laos in NTPC and finance non-equity investments that are vital for the overall environmental management and social development of the surrounding area. Project components are thus divided into two types: equity and non-equity.

### ***Equity Components***

1. Resettlement support, including infrastructure, housing livelihood development and technical assistance under the proposed NT2 Hydroelectric Project.
2. Support for Environmental Mitigation measures under the proposed NT2 Hydroelectric Project.
3. NT2 Watershed Management of the reservoir watershed area.
4. Panel of Experts/Dam Safety Review Panel supports the participation of international experts for the independent review of NT2.

### ***Non-Equity Components***

1. Central Laos Conservation Cluster provides support for the management of protected areas and biodiversity conservation around the project area.
2. Capacity Building for environmental and social development.

**The total project costs:** The estimated project cost is approximately US\$30-\$32 million. The IDA financing would be about US\$22 million.

**World Bank Task Team Leader:** Patchamuthu Illangovan Email: pillangovan@worldbank.org

## Completed Projects

PROJECT ID	PROJECT NAME	IDA Credit (millions)	CLOSING DATE
P059305	District Uplands Conservation Project	US\$2.0	September 30, 2003
P004210	Highway Improvement Project III	US\$68.92	June 30, 2003
P004207	Luang Namtha Provincial Development Project	US\$9.7	December 31, 2002
P004201	Highway Improvement Project II	US\$30	December 31, 2001
P004203	Education Development Project	US\$19	December 31, 2000
P004196	Forest Management and Conservation Project	US\$8.7	November 30, 2000
P004176	Wildlife and Protected Areas	US\$10 (GEF Grant)	September 30, 2000
P004197	Provincial Grid Integration Project	US\$36	June 30, 1999
P004209	Structural Adjustment Credit III	US\$40	December 31, 1998
P004195	Upland Agriculture Development Project	US\$20.2	June 30, 1998
P004192	Telecommunications Project II	US\$24.5	February 28, 1998
P004185	National Polytechnic Institute (NPI) Project	US\$3.5	June 30, 1997
P004191	Highway Improvement Project	US\$45	June 30, 1997
P004183	Southern Provinces Electrification Project	US\$25.8	December 31, 1994
P004189	Southern Transport Project	US\$14.1	December 31, 1994
P004190	Industrial Credit Project	US\$10	June 30, 1995
P004202	Structural Adjustment Credit Project II	US\$40	December 31, 1993
P004182	Telecommunications Rehabilitation Technical Assistance Project	US\$3.9	June 30, 1992
P004199	Structural Adjustment Credit Project	US\$40	January 31, 1992
P004181	Agricultural Production Support Project	US\$6.2	December 31, 1989
P004180	Nam Ngum Hydroelectric Project	US\$15	December 31, 1988
P004179	Agricultural Rehabilitation and Development Project III	US\$13.4	June 30, 1988
P004178	Agricultural Rehabilitation and Development Project II		December 31, 1986
P004177	Agricultural Rehabilitation and Development Project I	US\$8.2	September 30, 1985

## The World Bank's Disclosure Policy

The World Bank fully endorses the fundamental importance of transparency and accountability in the development process. It is the Bank's policy to be open about its activities and to welcome and seek out opportunities to explain its work to the widest possible audience. As a development organization, the Bank wishes to stimulate debate and broaden understanding of development, facilitate coordination with its partners—countries and other institutions—and help create and nurture support for activities that promote economic and social progress in developing countries. The Bank has therefore revised its disclosure policy to increase the number and types of documents available to the public.

To the same end, the Bank makes the results of its operational experience and research available to the development and academic communities and offers the lessons of experience to policymakers, development practitioners and other interested parties. In addition, timely dissemination of information to local groups affected by the projects and programs supported by the Bank, including non-government organizations, is essential for the effective implementation and sustainability of projects. Experience has demonstrated that consultation and sharing of information with co-financiers, partners, groups and individuals with relevant knowledge of development issues help to enhance the quality of Bank-financed operations.

The Bank has opened a Public Information Center (PIC) in its Vientiane office. The PIC is a place where anyone can get information about the World Bank's projects and research for Lao PDR in English and, increasingly, in Lao.

<b>PIC Name:</b>	Public Information Center
<b>Location:</b>	Nehru Road, Pathou Xay, Vientiane
<b>Mailing Address:</b>	Nehru Road, Pathou Xay, Vientiane – Lao PDR
<b>Hours of Operation:</b>	10:00 a.m. to 12:00 p.m. and 2:00 p.m. to 4:00 p.m.
<b>Contact Name:</b>	Malarak Souksavat
<b>Telephone:</b>	(856-21) 414 209
<b>Fax:</b>	(856-21) 414 210
<b>E-mail:</b>	msouksavat@worldbank.org
<b>Language:</b>	English, French, Lao
<b>Holdings:</b>	Public Reports on Country; Library of Recent Bank Publications
<b>Hours:</b>	10 a.m. to 12 p.m. and 2 p.m. to 4 p.m.

The Bank's Disclosure Policy goes hand-in-hand with its efforts to open up the development dialogue to key stakeholders and ensure that a wide range of their views or those interested in the development process are considered in the formulation of its assistance strategies in every country with which it works. The present Country Assistance Strategy (CAS) for Lao PRDR inaugurated this more participatory approach in CAS formulation, and this will be the manner in which future CASs are formulated.

## What Are the Millennium Development Goals?

The Millennium Development Goals (MDGs) identify and quantify specific gains that can be made to improve the lives of the world's poor by 2015. They were endorsed by 189 countries at the September 2000 United Nations Millennium General Assembly in New York. They provide a focus for the efforts of the all partners in the development community, including the World Bank. The MDGs grew out of the agreements and resolutions of world conferences organized by the United Nations in the past decade and have been commonly accepted as a framework for measuring development progress.

There are eight MDGs (see chart). The first seven goals are mutually reinforcing and are directed at reducing poverty in all its forms. The eighth goal, global partnership for development, concerns the means to achieve the first seven. Many of the poorest countries will need additional assistance to achieve these goals. Countries that are poor and heavily indebted will need further help in reducing their debt burdens. And all countries will benefit if trade barriers are lowered, allowing a freer exchange of goods and services.

Millennium Development goal				
Click on the indicator to view a definition	1990	1995	2001	2002
<b>1. Eradicate extreme poverty and hunger</b> <i>2015 target = halve 1990 \$1 a day poverty and malnutrition rates</i>				
Population below \$1 a day (%)	..	26.3	..	..
Poverty gap at \$1 a day (%)	..	6.3	..	..
Percentage share of income or consumption held by poorest 20%	..	7.6	..	..
Prevalence of child malnutrition (% of children under 5)	..	40.0	40.0	..
Population below minimum level of dietary energy consumption (%)	29.0	..	24.0	..
<b>2. Achieve universal primary education</b> <i>2015 target = net enrollment to 100</i>				
Net primary enrollment ratio (% of relevant age group)	61.4	70.0	81.4	..
Percentage of cohort reaching grade 5 (%)	53.3	55.4	..	..
Youth literacy rate (% ages 15-24)	70.1	74.0	78.6	79.3
<b>3. Promote gender equality</b> <i>2005 target = education ratio to 100</i>				
Ratio of girls to boys in primary and secondary education (%)	74.8	75.9	82.0	..
Ratio of young literate females to males (% ages 15-24)	76.2	80.1	84.1	84.7
Share of women employed in the nonagricultural sector (%)	..	..	..	..
Proportion of seats held by women in national parliament (%)	6.0	9.0	21.0	21.0
<b>4. Reduce child mortality</b> <i>2015 target = reduce 1990 under 5 mortality by two-thirds</i>				
Under 5 mortality rate (per 1,000)	163.0	134.0	100.0	125.0
Infant mortality rate (per 1,000 live births)	120.0	105.0	87.0	88.0
Immunization, measles (% of children under 12 months)	32.0	68.0	50.0	..
<b>5. Improve maternal health</b> <i>2015 target = reduce 1990 maternal mortality by three-fourths</i>				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	650.0	..	..
Births attended by skilled health staff (% of total)	..	..	21.4	..
<b>6. Combat HIV/AIDS, malaria and other diseases</b> <i>2015 target = halt, and begin to reverse, AIDS, etc.</i>				
Prevalence of HIV, female (% ages 15-24)	..	..	0.0	..
Contraceptive prevalence rate (% of women ages 15-49)	..	25.1	..	..
Number of children orphaned by HIV/AIDS	..	..	280.0	..
Incidence of tuberculosis (per 100,000 people)	..	..	160.2	..
Tuberculosis cases detected under DOTS (%)	..	24.0	40.0	..

7. Ensure environmental sustainability				
<i>2015 target = various (see notes)</i>				
Forest area (% of total land area)	56.7	..	54.4	..
Nationally protected areas (% of total land area)	..	0.0	0.0	13.1
GDP per unit of energy use (PPP \$ per kg oil equivalent)	..	..	..	..
CO2 emissions (metric tons per capita)	0.1	0.1	0.1	..
Access to an improved water source (% of population)	..	..	37.0	..
Access to improved sanitation (% of population)	..	..	30.0	..
Access to secure tenure (% of population)	..	..	..	..
8. Develop a Global Partnership for Development				
<i>2015 target = various (see notes)</i>				
Youth unemployment rate (% of total labor force ages 15-24)	..	..	..	..
Fixed line and mobile telephones (per 1,000 people)	2.0	3.8	15.2	..
Personal computers (per 1,000 people)	..	1.1	3.0	..
General indicators				
Population	4.1 million	4.7 million	5.4 million	5.5 million
Gross national income (\$)	827.2 million	1.7 billion	1.6 billion	1.7 billion
GNI per capita (\$)	200.0	370.0	300.0	310.0
Adult literacy rate (% of people ages 15 and over)	56.5	60.6	65.6	66.4
Total fertility rate (births per woman)	6.0	5.5	4.9	4.8
Life expectancy at birth (years)	49.7	51.8	54.1	54.5
Aid (% of GNI)	17.3	17.6	14.6	..
External debt (% of GNI)	204.5	123.2	150.0	..
Investment (% of GDP)	13.5	26.0	22.1	..
Trade (% of GDP)	35.8	60.6	..	..

**Source:** *World Development Indicators database, April 2002*

**Note:** In some cases the data are for earlier or later years than those stated.

**Goal 1 targets:** Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day. Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

**Goal 2 target:** Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

**Goal 3 target:** Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015.

**Goal 4 target:** Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.

**Goal 5 target:** Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.

**Goal 6 targets:** Have halted by 2015, and begun to reverse, the spread of HIV/AIDS. Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases.

**Goal 7 targets:** Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources. Halve, by 2015, the proportion of people without sustainable access to safe drinking water. By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.

**Goal 8 targets:** Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Address the Special Needs of the Least Developed Countries. Address the Special Needs of landlocked countries and small island developing states. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth. In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.