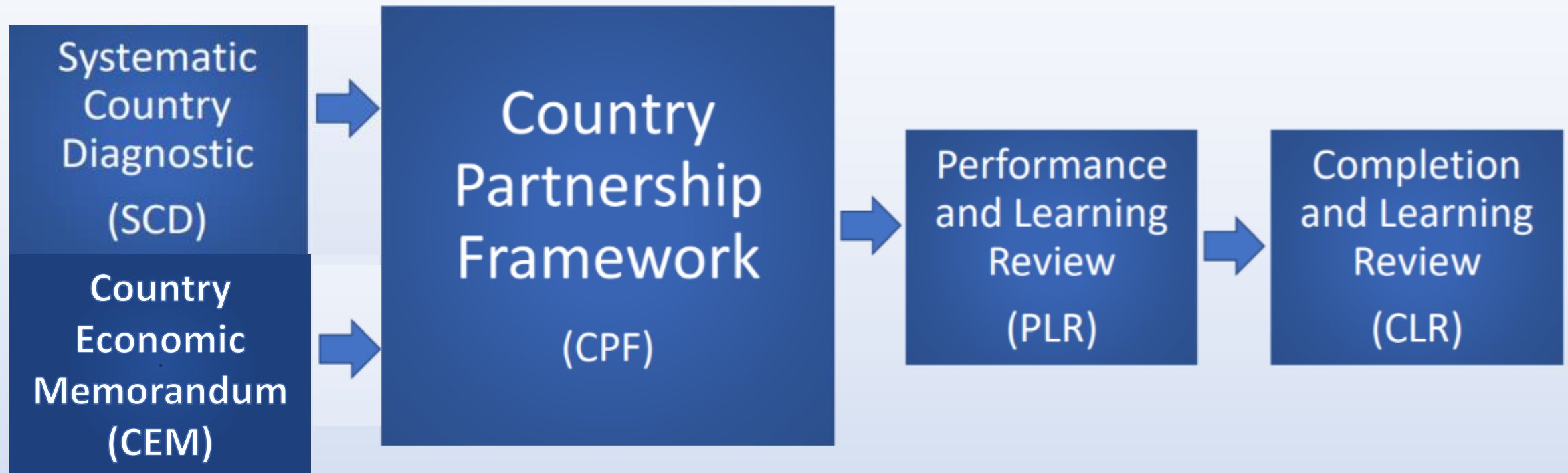




# Stakeholder Consultations Lao PDR Country Partnership Framework FY22-26

December 2021

# World Bank Group Country Engagement Process



Consultations on SCD and CEM held September 22-24, 2021

# Foundations

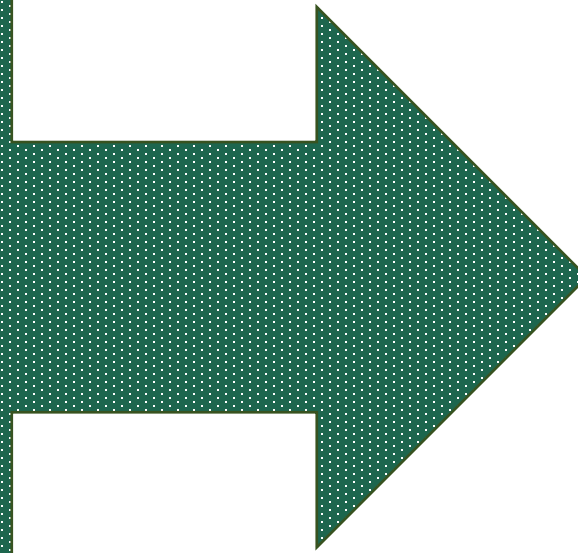
- July 1, 2021-June 30, 2026 (FY22-26).
- Supports:
  - National Socioeconomic Development Plan 2021-26
  - National Agenda for Economic and Social Difficulties
- Financing not known yet - possibly \$90m/year
- Performance and Learning Review will update the program in last 2 years.
- Based on 2021 Systematic Country Diagnostic update and previous CPF lessons
- Draws on 2017 & 2021 Country Gender Action Plans, 2021 Country Economic Memorandum, and Debt Sustainability Analysis.

# From diagnosis to strategy

Increasing public debt and  
macroeconomic instability

Jobless growth and  
inequality

Increased vulnerability to  
climate, environmental,  
economic and health shocks



Stabilize

Share

Sustain

## From High-Level Outcomes (HLOs)

## To SCD Objectives

Greater  
macroeconomic  
stability

sustainable debt  
fiscal space  
financial sector stability

Broad-based human  
productivity  
improvements

dynamic private sector <> improved connective  
infrastructure <> well-functioning labour market <>  
reduced stunting <> enhanced learning outcomes  
<> equitable access to quality health services

Improved resilience  
to shocks

improved natural resource management <> action  
on disaster risk and climate change <> well-  
managed urbanisation <> comprehensive social  
protection <> improved financial inclusion <>  
improved agricultural productivity

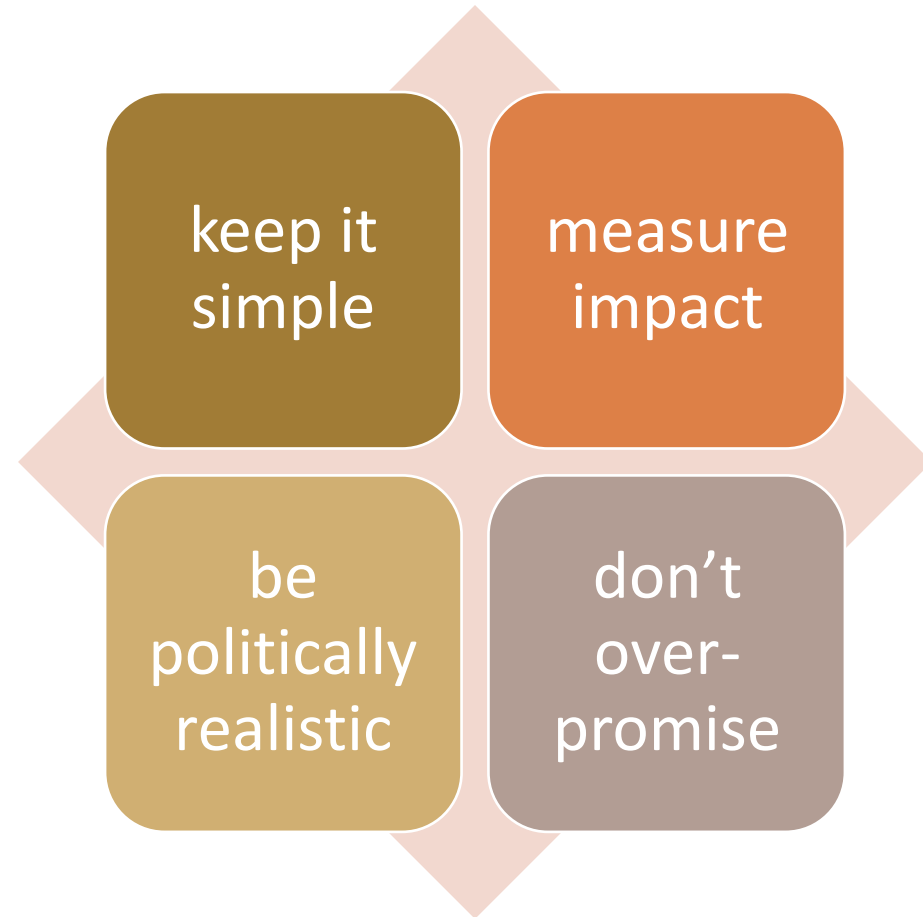
# From SCD Priority Objectives

# to CPF Objectives

SCD Top and High Priorities	CPF Objective	
<i>Sustainable Debt Levels</i>	<b>No</b>	Stabilize
<i>Stable Financial Sector</i>	<b>No</b>	
<i>Increased Fiscal Space</i>	<b>Objective 1:</b> Improved Expenditure Management, Revenue Mobilization <b>Objective 2:</b> Improved financial sustainability in the power sector.	
<i>Dynamic Private Sector</i>	<b>Objective 3:</b> Enhanced firm-level competitiveness	Share
<i>Connective Infrastructure</i>	<b>Objective 4:</b> Increased connectivity via climate-resilient infrastructure	
<i>Reduced Stunting</i>	<b>Objective 5:</b> Expanded use among women and children of practices and services beneficial to nutrition.	
<i>Enhanced Learning Outcomes</i>	<b>Objective 6:</b> Improved learning outcomes for primary grade students and improved acquisition of market-relevant skills.	
<i>Equitable Access to Quality Health Services</i>	<b>Objective 7:</b> Improved inclusive access to quality health services.	Sustain
<i>Improved Natural Resource Management</i>	<b>Objective 8:</b> Improved management of Natural Resources.	
<i>Action on Disaster Risk and Climate Change</i>	<b>Objective 9:</b> Strengthened resilience of vulnerable communities to climate and natural disaster risks.	
<i>Improved agricultural productivity</i>	<b>Objective 10:</b> Increased agriculture productivity.	
<i>Comprehensive Social Protection</i>	<b>Objective 11:</b> Strengthened resilience of population to shocks.	

Cross-cutting theme: Strengthened governance and institutions

# Lessons from 2017-21 CPF



# CPF Program Implementation

## Management principles

- Capacity constraints on both sides -> 3 new IPFs per year
- Development takes time -> follow-on projects

## Possibility of adjustment

- Credible macro-restructuring programme to Bretton Woods institutions -> debt and financial sector restructuring as CPF objectives



# CPF Objectives and Proposed Operations FY22-26

## “Greater macroeconomic stability”

### ***CPF Objective 1***

Improved expenditure management and revenue mobilization



Strengthening Revenue and Expenditure Management Project (FY25, MOF)

IFC Thanaleng Dry Port (Vientiane Logistics Park, MIC)

### ***CPF Objective 2***

Improved financial sustainability in the power sector



Domestic Grid Optimization Project (FY23, MEM)

# CPF Objectives and proposed operations FY22-26

## “Broad-based human productivity improvements”

### **CPF Objective 3**

Enhanced firm-level competitiveness



Priority Skills for Growth (FY22, MES)

IFC investments (financial institutions, MOF)

### **CPF Objective 4**

Increased connectivity through climate-resilient infrastructure



Regional Economic Corridor and Connectivity (FY22, MPWT)

Climate Resilient Road Connectivity Improvement (FY25, MPWT)

IFC Thanaleng Dry Port (Vientiane Logistics Park) (IFC, MIC)

### **CPF Objective 5**

Expanded use among women and children of practices and services beneficial to nutrition



Health and Nutrition Services Access Follow-on Project (FY24, MOH)

Phase 2 of Reducing Rural Poverty & Malnutrition Project (FY24, MAF)

### **CPF Objective 6**

Improved learning outcomes for primary grade students and improved acquisition of market-relevant skills



Priority Skills for Growth (FY22, MES)

Modernizing Human Resource Management in Education and Health for Better Outcomes (FY26, MES)

### **CPF Objective 7**

Improved inclusive access to quality health services



Health and Nutrition Services Access Follow-on Project (FY24, MOH)

Phase 2 of Reducing Rural Poverty & Malnutrition Project (FY24, MAF)

# CPF Objectives and proposed operations FY22-26

## “Improved resilience to shocks”

### **CPF Objective 8**

Improved management of natural resources



Lao Environmental and Waste Management Project (FY23, MONRE)

IFC investments in wind power, floating solar, agro-forestry (MEM, MAF)

### **CPF Objective 9**

Strengthened resilience of vulnerable communities to climate and natural disaster risks



Dam Safety and Management (FY26, MEM)

### **CPF Objective 10**

Increased agriculture productivity



Green Agriculture Competitiveness and Value-Chain Development Project (FY25, MAF)

### **CPF Objective 11**

Strengthened resilience of population to shocks



Poverty Reduction Fund follow-on (FY24, MAF)

# CPF Objectives and proposed operations FY22-26

## “Cross-cutting theme: Strengthened governance and institutions”

***CPF Cross-cutting theme: Strengthened governance and institutions***



Statistical Modernization Project  
(FY23, MPI)

Modernizing Human Resources  
Management in Education and Health for  
Better Outcomes (FY26, MOH, MES)

# Analysis and advice on Addressing Economic and Financial Difficulties (National Agenda) - with ADB, Australia, EU, JICA and others

Macroeconomic, Trade,  
and Business  
Environment

Financial Sector  
Development

Support Government on  
Policy and Performance  
Actions (IDA SDPF)

Public Expenditure  
Review (PER)

Public Expenditure and  
Institutional Review and  
FM Analysis of  
Education Sector

Public Financial  
Management Reform

Upgrade Debt  
Management Financial  
Analysis System (to  
DAMFAS 6)

Power Sector  
Sustainability

Energy Sector Financial  
Recovery Program

Corporate governance  
assessment of EDL

# Selected ASA supporting other CPF Focal Areas

Broad-based human  
productivity  
improvements

Macroeconomic, trade, and business environment <> IFC  
Digital Transformation Advisory Project <> economic  
corridor development <> green urban mobility <> public-  
private partnerships <> Urban Transport Sector Financing  
and Funding Review <> Knowledge, Innovation and Skills for  
Sustained Growth <> health sector analytical work

Improved resilience to  
shocks

Country Climate Development Report (CCDR) <> Climate  
Change and Green Growth <> IFC advisory work on Lao  
Transmission Project <> Social Inclusion, Opportunities and  
Social Risk Management in the Rural Landscape <> Social  
Protection and Jobs

# Focus on Four Persistent Gender Gaps

Country Gender Action Plan aligned with five-year *National Plan on Promoting Gender Equality* and 9th National Socio-Economic Development Plan

1. Early marriage, adolescent pregnancy & maternal mortality
2. Skills gap with a focus on technical and vocational education
3. Equal opportunities in livelihood activities and wage jobs
4. Participation in local decision making



# Annexes



# From SCD Priorities to CPF Objectives and Program

Priorities (from SCD)	CPF Objectives	CPF Program
<b>Sustainable Debt Levels</b>	<b>No</b>	
<b>Stable Financial Sector</b>	<b>No</b>	
<b>Increased Fiscal Space</b>	<b>1:</b> Improved expenditure management and revenue mobilization	<b>Ongoing Financing:</b> <ul style="list-style-type: none"><li>• E-FITS (FY19-26)</li><li>• Lao PDR PFM Reform Project RETF (FY19-22)</li><li>• MIGA Nam Theun 2 guarantee</li></ul> <b>Financing Pipeline:</b> <ul style="list-style-type: none"><li>• Strengthening Revenue and Expenditure Management (E-FITS continuation) (FY25)</li><li>• IFC Thanaleng Dry Port (Vientiane Logistics Park - VLP) (IFC)</li></ul>
	<b>2:</b> Improved financial sustainability in the power sector	<b>Pipeline Financing:</b> <ul style="list-style-type: none"><li>• Domestic Grid Optimization Project (FY23)</li></ul>

# From SCD Priorities to CPF Objectives and Program

Priorities (from SCD)	CPF Objectives	CPF Program
<b>Dynamic Private Sector</b>	<b>3:</b> Enhanced firm-level competitiveness	<b>Ongoing Financing:</b> <ul style="list-style-type: none"><li>• MSME A2F Emergency and Recovery Project (FY21-26)</li><li>• Lao PDR Competitiveness &amp; Trade Project (FY19-23)</li><li>• IFC Acleda (IS IFC) + SME A2F (WB)</li></ul> <b>Financing Pipeline:</b> <ul style="list-style-type: none"><li>• Priority Skills for Growth (FY22)</li></ul>
<b>Connective Infrastructure</b>	<b>4:</b> Increased connectivity through climate-resilient infrastructure	<b>Ongoing Financing:</b> <ul style="list-style-type: none"><li>• Lao Road Sector Project 2 (FY17-26)</li><li>• Lao NR13 (FY18-23)</li><li>• Poverty Reduction Fund (PRF) III (FY16-24)</li><li>• BETF linked to ongoing road project (PPP)</li></ul> <b>Financing Pipeline:</b> <ul style="list-style-type: none"><li>• Regional Economic Corridor and Connectivity (FY22)</li><li>• Climate Resilient Road Connectivity Improvement (FY25)</li><li>• IFC Thanaleng Dry Port (Vientiane Logistics Park) (IS IFC)</li></ul>

# From SCD Priorities to CPF Objectives and Program

Priorities (from SCD)	CPF Objectives	CPF Program
<b>Reduced Stunting</b>	<b>5:</b> Expanded use among women and children of practices and services beneficial to nutrition	<b>Ongoing Financing:</b> <ul style="list-style-type: none"><li>• Reducing Rural Poverty &amp; Malnutrition (RRPM) (FY19-24)</li><li>• Poverty Reduction Fund (PRF) III (FY16-24)</li><li>• HANSA Project (FY20-26)</li><li>• Scaling-Up Water Supply, Sanitation, and Hygiene Project (FY19-24)</li><li>• Lao Health Governance and Nutrition Development (FY15-22)</li></ul> <b>Financing Pipeline:</b> <ul style="list-style-type: none"><li>• HANSA Follow-on Project (FY24)</li><li>• Phase 2 of Reducing Rural Poverty and Malnutrition (RRPM) (FY24)</li></ul>
<b>Enhanced Learning Outcomes</b>	<b>6:</b> Improved learning outcomes for primary grade students and improved acquisition of market-relevant skills	<b>Ongoing Financing:</b> <ul style="list-style-type: none"><li>• Second Global Partnership for Education RETF (FY15-22), LEAP FY15-19</li></ul> <b>Financing Pipeline:</b> <ul style="list-style-type: none"><li>• Priority Skills for Growth (FY22)</li><li>• Modernizing Human Resource Management in Education and Health for Better Outcomes (FY26)</li></ul>
<b>Equitable Access to Quality Health Services</b>	<b>7:</b> Improved inclusive access to quality health services	<b>Ongoing Financing:</b> <ul style="list-style-type: none"><li>• Lao Health Governance and Nutrition Development (FY15-22)</li><li>• Poverty Reduction Fund (PRF) III (FY16-24)</li><li>• HANSA Project (FY20-26)</li><li>• Lao PDR COVID-19 (FY20-24)</li><li>• Reducing Rural Poverty &amp; Malnutrition (FY19-24)</li></ul> <b>Financing Pipeline:</b>

# From SCD Priorities to CPF Objectives and Program

Priorities (from SCD)	CPF Objectives	CPF Program
<b>Improved Management of Natural Resources</b>	<b>8:</b> Improved management of natural resources	<p><b>Ongoing Financing:</b></p> <ul style="list-style-type: none"> <li>• Second Lao Environment &amp; Social Project (FY14-22)</li> <li>• Lao Land Project (FY21-26)</li> <li>• Landscapes and Livelihoods Project (FY21-28)</li> <li>• Landscapes and Livelihoods GEF (FY21-28)</li> <li>• Scaling-Up Participatory Sustainable (FY13-23)</li> <li>• FCPF Carbon Fund: Lao PDR ER Program (FY21-26)</li> <li>• 4M Mekong Int. Water Resources MGMT (FY12-22)</li> <li>• Public Information and Awareness Services for Vulnerable Communities TF (FY21-25)</li> <li>• Lao PDR Clean Cook Stove Initiative TF (FY20-26)</li> <li>• MIGA Nam Theun 2 guarantee</li> </ul> <p><b>Financing Pipeline:</b></p> <ul style="list-style-type: none"> <li>• Lao Environmental and Waste Management Project (FY23)</li> <li>• IFC investments in wind power, floating solar, and agro-forestry</li> </ul>
<b>Action on Disaster Risk and Climate Change</b>	<b>9:</b> Strengthened resilience of vulnerable communities to climate and natural disaster risks	<p><b>Ongoing Financing:</b></p> <ul style="list-style-type: none"> <li>• P160930 Lao PDR Southeast Asia DRM Project (FY18-25)</li> </ul> <p><b>Financing Pipeline:</b></p> <ul style="list-style-type: none"> <li>• Dam Safety and Management (FY26)</li> </ul>

# From SCD Priorities to CPF Objectives and Program

Priorities (from SCD)	CPF Objectives	CPF Program
<b>Increased agriculture productivity and resilience</b>	<b>10:</b> Increased agriculture productivity.	<b>Ongoing Financing:</b> <ul style="list-style-type: none"><li>• Agriculture Competitiveness Project (FY18-24)</li><li>• Enhancing Systematic Land Registration Project (FY22-26)</li></ul> <b>Financing Pipeline:</b> <ul style="list-style-type: none"><li>• Green Agriculture Competitiveness and Value Chain Development Project (FY24)</li></ul>
<b>Comprehensive Social Protection</b>	<b>11:</b> Strengthened resilience of population to shocks.	<b>Ongoing Financing:</b> <ul style="list-style-type: none"><li>• Financial Sector Safety Net (FY20-25)</li><li>• Landscapes and Livelihoods GEF (FY21-28)</li><li>• Reducing Rural Poverty &amp; Malnutrition (FY19-24)</li></ul> <b>Financing Pipeline:</b> <ul style="list-style-type: none"><li>• Poverty Reduction Fund (PRF) Follow-on (FY24)</li></ul>