I. Project Context

Country Context

1. Lao People’s Democratic Republic (Lao PDR) is a small, landlocked nation of about 6.5 million people (2011) at the center of the dynamic Mekong region. The country is facing numerous development challenges, but has been undertaking reforms that are helping it to embark on a sustainable development path. Lao PDR is effectively fighting poverty, addressing social inequities, and building stronger capacity to manage its rich natural resources.

2. Lao PDR’s economic performance has been strong during the past decade. Real GDP grew at an average annual rate of 7.1 percent between 2001 to 2010 and is expected to increase to 7.5-8.0 percent in 2011-2015. In 2010, Lao PDR achieved a GNI per capita of US$1,010 and, as such, graduated from its low income to a (lower-) middle income economy. At this pace, Lao PDR is on track to achieve its long-term vision: to graduate from the Least Developed Country status by 2020. The Government’s seventh National Socio-Economic Development Plan (NSED) 2011-15 sets high annual GDP growth of 8 percent and aims to achieve key MDG targets by 2015.

3. Given the country’s level of economic development and the resulting need for the country’s leadership to make informed decision in the management of its economy, the demand is
not simply for better statistics, but for the capacity to analyse and interpret statistics in support of GOL and line ministry evidence based policy making and/or implementation monitoring. The need for better official statistics (not only from statisticians, but also at the highest government and Party levels, businesses, universities, mass organizations as well as individual citizens) has increased significantly during the last decade as a result of the new policy-making approach to development and increased focus on results monitoring. The lack of some specific data, such as sex-disaggregated data, also constrains gender informed policy making and results monitoring, especially on poverty and gender involvement and participation in country development agenda. At the same time, research and analytical capacity-building development in the country will require quality and timely data and quick access to information.

**Sectoral and institutional Context**

4. The country has made good progress in developing its statistical system over the last two decades. Since the early 1990s, basic social and poverty statistics have been established, such as poverty/HH surveys and population census, education and health statistics through surveys and administrative reporting systems. The national accounts (by production method) and several other macroeconomic statistics (such as trade, investment, fiscal and BOP) have been developed by LSB and SMAs during the last decade (but still at the early stage of development).

5. However, much remains to be done to lift the national statistical system up to international standards. In many dimensions of its statistical system, Lao PDR lags behind countries with a similar per capita income. First, the availability of statistics is very limited (such as investment, remittances, private consumption, labour force, business registry, producer’s indexes and retail sector statistics). Second, the quality of available statistics may not be reliable (national accounts, trade and BOP, sectoral output data, investment, etc). Third, even when quality statistics may be available, timeliness is an issue (delays in publishing monetary and fiscal statistics, absence of high frequency data, especially quarterly GDP, consumption, trade and investment data). Finally, provided that good statistics are produced on time, accessing them might be a challenge (no central database containing consolidated macroeconomic and time series data that accessible for users and the public within the GOL/LSB).

6. The Lao statistical system is highly decentralized with a limited inter-agency coordination and technical capacity. First, there is very limited technical capacity within LSB and other key statistics producing Government ministries and agencies (SMAs) which was the cause of the delay in the full adoption of the System of National Accounts (SNA) 1993 and a piecemeal approach in conducting household surveys. Analytical capacity is also limited, which further constrains the full use of statistics. Second, there is limited coordination and institutional capacity of LBS to lead the production of national statistics in highly decentralized system among various government agencies at various levels (districts, provinces, center). This is partly because of the lack of legal framework, such as statistical law or decrees in the past that would provide a mandate for LSB to play a leading role in the NSS to coordinate and consolidate national statistics (most of them are produced by line ministries and provinces - key macroeconomic statistics are produced by SMAs). This poor coordination within the NSS is a major constraint to produce quality and timely statistics. Lastly, the absence of not only clear framework and mechanism (including information technology (IT) but also regulatory and related business-processes for data-sharing produced by LSB and SMAs within the government and for public access hinders and greatly reduces the efficiency of the statistic system to match demand and supply.

7. The Government is committed to improve the production, availability and use of quality statistics, as described in the Strategy for the Development of National Statistical System (SDNSS),
2011-2020. The strategy was developed and approved by the Government of Lao PDR (GOL) in September 2010. An interactive and consultative process was followed involving all stakeholders (ministries and agencies at national, regional and district levels, donors, public organizations, private sector and civil society) with the aim of aligning the country’s statistical system with the requirements of the seventh NSEDP (2011-15) and other national development programs and international commitments. The needs assessment covered data users, producers, providers and research institutions as well as providers of financial and technical assistance. As a result, the SDNSS is comprehensive and intended to build on existing achievements: It covers the entire National Statistical System (NSS), targets statistics needed to monitor and evaluate the poverty reduction strategies, proposes to address legal and institutional issues, identifies technical assistance and training needs, estimates the costs of implementing the strategy and explains how these costs will be financed.

8. To improve the capacity of the national statistical system the Government has taken important steps to upgrade its legal, regulatory and institutional framework. The first Lao Statistical Law was approved by the National Assembly (NA) in June 2010. It upgrades the status of the Lao Department of Statistics (DOS) - renamed “Lao Statistics Bureau” (LSB) - to a vice-ministerial level with an independent status. With the new law, the LSB is made responsible for the production, management, coordination and dissemination of statistics in the country. The Prime Minister’s Decree on Institutional Set up and Functionality of LSB was issued on February 25, 2011. The new law and decree delineate the functions of the LSB, such as a leading agency to coordinate the production and consolidation of the national statistics and indicators; and to be accountable for the publication and dissemination of the data. The Prime Minister’s Decree for implementing the Statistical Law was approved in June 2012. It provides a clear guidance for LSB and line ministries and provinces to fulfill their mandate given by the law, such as role and responsibilities of each agency; mutual commitments to produce and share data among government ministries; strengthening of coordination mechanism; staffing and statistical capacity building at all levels.

9. The Government of Sweden through the project by the Swedish International Development Agency (SIDA) has been the historical partner in statistical capacity building over the last two decades (1991-2009), until SIDA stopped its activities in Lao PDR in 2010. The project was prepared and implemented through a twinning arrangement between the Lao DOS and Statistics Sweden (SCB). As reported in the SIDA project evaluation report, the main achievement under the project was the significant improvement of DOS capacity, including in the organization of population and other censuses; the implementation of sample surveys; the analysis of census and survey data and production of basic reports; the national account statistics based on the SNA 93 standards; the use of international classifications; supported the acquisition of and capacity to use modern ICT technology; improved the management and planning; and improved the English proficiency of many staff members.

10. The LAOSTAT Project will build on and learn from the technical assistance provided by SIDA. The evaluation report notes that further work is needed in optimization of samples for surveys; analytical capacity and report writing (especially in English); full implementation of SNA 93 and implementation of SNA 2008 standard compliance for national account statistics; dissemination of statistical information to users; maintenance and development of the ICT system. One of the drawbacks of the SIDA approach was mainly focusing on DOS capacity building and providing marginal contribution to the improvement of the NSS. As noted in the SIDA evaluation report, the ‘system’ consists of partially disaggregated bodies and some of the statistics are of poor quality and efforts are duplicated.

II. Project Development Objectives
10. The objective of the Project is to improve the capacity of the Recipient’s national statistical system to produce and disseminate reliable and timely macroeconomic and poverty statistics in accordance with international standards and in response to user needs.

III. Project Description

Component Name
1. Strengthening macroeconomic and poverty data development and management
2. Improving policies and strengthening implementation capacity.
3. Improving Data Sharing and Access.
4. Supporting LAOSTAT Project Management

Unallocated budget

IV. Financing (in USD Million)

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For Loans/Credits/Others

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V. Implementation

VI. Safeguard Policies (including public consultation)

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VII. Contact point

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