



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 21-Nov-2024 | Report No: PIDDC01123



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies)	Operation ID	Operation Name	
Lao People's Democratic Republic	P507442	Improving Frontline Workers Performance in Education and Health	
Region	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
EAST ASIA AND PACIFIC	05-May-2025	28-Aug-2025	Education
Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing (IPF)	Lao People's Democratic Republic	Ministry of Health, Ministry of Education and Sports, Ministry of Home Affairs	

Proposed Development Objective(s)

To enhance the performance of pre- and primary education and health frontline workers in Lao PDR

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)?	No
Is this project Private Capital Enabling (PCE)?	No

SUMMARY

Total Operation Cost	35.00
Total Financing	35.00
of which IBRD/IDA	35.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	35.00
IDA Credit	35.00



Environmental and Social Risk Classification

Moderate

Concept Review Decision

Other Decision (as needed)

B. Introduction and Context

Country Context

- Lao PDR has experienced strong but unstable economic growth, with recent challenges impacting poverty reduction.** Over the past two decades, Lao PDR has experienced significant economic growth, becoming one of the fastest-growing economies in East Asia and the Pacific. However, this growth has been accompanied by increasing macroeconomic instability in recent years. As a lower-middle-income country, Lao PDR had a GDP per capita of \$2,539 and a population of 7.4 million in 2021. While the economy grew at an average of 6.2 percent annually from 2017-2019, the COVID-19 pandemic caused a significant slowdown to 0.5 percent growth in 2020 and 2.5 percent in 2021, with a moderate recovery to an estimated 3.7 percent in 2023. GDP is projected to grow by 4.1 percent in 2024 and around 3.7 percent in 2025-2026. The deteriorated macroeconomic conditions are attributed to weak revenue performance, increased public debt (amounting to 108 percent of GDP at the end of 2023), foreign exchange liquidity constraints, and low reserve buffers. Labor shortages due to emigration are also affecting labor-intensive sectors. Poverty rates had declined from 40.5 percent in 2012 to 32.5 percent in 2018, but have since stagnated, with mounting inflation negatively affecting households' purchasing power.
- Lao PDR faces significant challenges in human capital development, particularly in education and health.** Lao PDR's human capital index is 0.46, the lowest among its neighbors, indicating that a child born in the country today can expect to be only 46 percent as productive when they turn 18 as someone with complete education and full health. Improving human capital outcomes requires better education and healthcare, which fundamentally depends on the government's ability to better resource and manage its frontline workforce of teachers, school principals, and health workers. When there are not enough qualified and skilled frontline workers, or when they are not deployed and managed efficiently, large numbers of children and communities suffer the consequences. Households engaged in family agriculture, families with low education levels, and minority ethnic groups are more likely to be poor and face challenges in accessing quality education and health services. Combined spending on education and health has declined from 4.9 percent of GDP in 2013 to an estimated 2.3 percent in 2023. Recent surveys indicate a partial reversal of earlier gains in child nutrition, further underlining the challenges in human capital development. Gender gaps in the labor market persist, with 41.9 percent of women aged 15 and above participating in the labor force compared to 52.6 percent of men, and a gender pay gap of 23 percent.
- Climate change poses a significant threat to Lao PDR's development and exacerbates existing vulnerabilities.** Lao PDR is among the most vulnerable countries to projected climate change trends, with flooding, storms, and droughts being the top three natural hazards. Climate change and natural disasters further threaten access to quality health and nutrition services for vulnerable groups and underserved areas, as well as exacerbate existing vulnerabilities by disrupting school operations and infrastructure. Floods and storms can damage school buildings



and health facilities, making it difficult for students to attend classes, for teachers to deliver quality education, and preventing delivery of quality health services, especially in rural areas. The impacts of climate change amplify existing vulnerabilities among populations in the country, such as poor health status, poverty, and food insecurity. Current annual expected losses from flood events in Lao PDR range between 2.8 percent and 3.6 percent of GDP, highlighting the significant economic impact of climate-related disasters on the country. Limited protection in the face of natural calamities impoverishes already poor families, making it difficult for them to continue investing in their children's education. Seasonal floods, drought, landslides, and forest fires make the rural population vulnerable to recurring incidences of severe natural disasters.

Sectoral and Institutional Context

Frontline Workers in Education and Health

4. **Lao PDR's education and health systems face critical challenges in managing frontline workers,¹ undermining human capital development.** These challenges span workforce planning, deployment, quality, and motivation in both sectors. The education system is structured hierarchically under the Ministry of Education and Sports (MOES), covering early childhood, general, technical/vocational, and higher education, while the health care services are largely delivered through public health system operated under the Ministry of Health (MOH). Effective management of frontline workers is crucial for strong human capital outcomes, but Lao PDR struggles on multiple fronts.

5. **Severe workforce shortages plague both education and health sectors due to drastic cuts in civil servant hiring quotas.** In 2023, the annual hiring quota for teachers plummeted to 285 from 3,500 in 2019, while about 3,000 teachers were expected to retire. The health sector faces a similar crisis, with the quota for health workers dropping to 230 in 2023 from 4,000 in 2014 with the proportion of health workers per 1,000 population at 2.6 in 2023, which is significantly lower than the World Health Organization recommendation of 4.3/1,000. These shortages jeopardize Lao PDR's ability to universalize primary education and maintain adequate healthcare provision, particularly affecting small rural schools and health facilities.

6. **To address immediate shortages, both sectors heavily rely on volunteer workers, creating an unsustainable and demotivating workforce structure.** Nearly 30 percent of the teaching force and 26 percent of health workers are volunteers who are not eligible for regular salaries, benefits, or pensions.² While this approach meets immediate service delivery needs, it undermines worker motivation and system sustainability. These volunteers face significant challenges, including economic instability due to minimal or no compensation, long commutes to remote areas, and limited prospects for transitioning to permanent positions.

7. **Inequitable deployment of frontline workers exacerbates shortages, particularly in rural and remote areas.** In 2020, 42 percent of schools faced teacher deficits while 40 percent had surpluses, indicating inefficient deployment practices. This can also be shown by the prevalence of multigrade classrooms, which poses additional challenges in education. In the 2022-2023 school year, 36.7 percent of classrooms nationally were multigrade, rising to 48.1 percent in the 40 most disadvantaged districts identified by MOES. This situation requires specialized teaching skills and resources, which are often lacking. The health sector shows similar disparities, with the ratio of health workforce per 1,000 population in 2021 being 3.8 in urban areas compared to just 1.4 in rural areas. This maldistribution is even

¹ These frontline workers in education primarily consist of teachers, school principals, and local education administrators who directly interact with students and communities on a day-to-day basis. They are the backbone of the education system, responsible for translating national policies into classroom practices and ensuring quality education delivery at the local level

² In July 2023, the Government of Lao PDR issued Resolution (dated July 17, 2023) mandating equal remuneration for volunteer teachers and civil servants based on educational qualifications, aiming to address teacher shortages particularly in rural areas. However, there have been no recent updates or evaluations reported regarding its implementation or impact on teacher shortages in rural areas.



more pronounced for specific roles like medical staff, nurses, and midwives, further widening the urban-rural divide in service quality.

8. **The quality of frontline workers is alarmingly low, compromising service delivery in both sectors.** The challenges faced by frontline workers in education are multifaceted and deeply impact educational outcomes, particularly in mathematics and language proficiency. Only 2.4 percent of Grade 4 teachers were found to be proficient in Grade 4 Math and Lao language. Many teachers lack the skills required to teach the new curriculum introduced gradually since 2019. A recent Japan International Cooperation Agency (JICA) baseline survey (2024) further highlighted this issue, indicating that over 50 percent of Grade 3 teachers could correctly answer only 3 out of 25 questions related to Grade 3-5 math content. Although Grade 5 teachers performed slightly better, with only 4 out of 25 questions achieving over 80 percent correct answers, substantial gaps remain evident among educators overall. In the health sector, the majority of district and health center staff have low- to mid-level qualifications, often lacking skills to deliver even basic services.

9. **Severe budget constraints exacerbate these challenges in both sectors.** Public education financing has declined from 4 percent of GDP in 2013 to around 2 percent in 2022-2023, placing Lao PDR among the lowest globally in education spending. Comparison with regional peers highlights the severity of this crisis: Viet Nam spends about 4 percent of GDP on education and Thailand allocates 3.8 percent. The public spending on health has been low and declined from 0.96 percent in 2019 to 0.72 percent of GDP in 2021, which is significantly lower than regional peers (Viet Nam spent 1.96 percent of GDP on health expenditures in 2021). This underinvestment has led to drastic cuts in essential resources like textbooks, teacher training programs, and health worker professional development.

10. **Career progression and incentives for frontline workers need improvement.** Inadequate career pathways and meaningful incentives hinder the retention of frontline workers, especially in challenging rural postings. This affects motivation and impedes efforts to improve overall service quality and address geographical disparities in education and health. The situation is exacerbated by the widespread use of volunteer workers, with nearly 30 percent of the teaching force and 26 percent of health workforce in Lao PDR being volunteers. These workers are not legally eligible for regular salaries, benefits, or pensions, further demotivating performance and creating an unsustainable system. The lack of proper incentives and career progression opportunities not only affects current frontline workers but also discourages potential candidates from entering these crucial professions, particularly in underserved areas.

11. **MOH is entering the 3rd phase of the health sector reform strategy – human resources for health development, which is one of the key pillars of the reform strategy.** By 2030, the MOH aims to improve staff recruitment and performance, upgrade health education institutes, roll out the licensing system, and implement continuous professional development programs. MOH approved the national HRH development strategy by 2030 in tandem with implementing the health sector reform strategy.

12. **Addressing these interconnected challenges requires comprehensive reforms across both education and health sectors.** This includes improving workforce planning, enhancing deployment practices, strengthening professional development programs, and implementing effective motivation strategies. Without such reforms, Lao PDR's human capital development and overall economic prospects remain at risk, potentially leading to decreased returns on education and health investments.

13. **Frontline workers in education and health will be affected by recent reforms led by MOHA and aimed at improving performance.** In Lao PDR, MOHA is the ministry with overall responsibility for the management of civil servants (around 176,000 in total), most of whom are in health and education. In 2023-2024, MOHA led the conceptualization of an ambitious reform agenda aimed at i) enhancing service delivery by improving the performance of frontline service delivery workers, through better performance management, flexibility, and incentives, and ii) ease the burden on the State budget by encouraging relevant government organizations to reduce or eliminate their



reliance on government funding. The reform is governed by two new decrees, which were adopted in May 2024, namely Decree on Public Service Employees No 283/GOL and Decree on Transition to Self-Sufficient Technical Units, No. 282/GOL. Decree No. 283/GOL introduces a new employment category called Public Service Employees (PSE). PSEs are government employees that work at a Public Service Agency (PSA or “technical unit” in Lao PDR). According to Decree No. 282 /GOL, a PSA is a central or subnational level government entity whose primary purpose is to provide services to the public such as healthcare and education, among others. PSAs may be “self-sufficient”, i.e. self-funded from income earned by charging service fees to users or government-funded, i.e. reliant on the State budget for all their expenses since the services they provide are free of charge. Where the PSA falls in the spectrum of self-sufficiency determines the level of autonomy granted to manage its PSEs.

14. The implementation of these two new Decrees will result in a considerable number of civil servants and frontline workers being transitioned to the new PSE employment category and managed by new rules. Although the timelines for the implementation and the exact figures of impacted employees are still being computed, it is expected that 70,000+ civil servants will eventually transition to the new PSE category. This figure represents close to 40 percent of the current civil service workforce at the central and local levels combined. MOES and MOH are the two ministries most impacted by the reform since they have the largest number of civil servants that will transition into PSEs. This transition will mean that recruitment of new frontline workers³ will be subject to new rules related to their recruitment, promotion, evaluation, rotation, as well as a new salary structure (grades and levels). The details of these new rules are being developed by MOHA in ancillary regulations and guidelines.

Relationship to CPF

15. The proposed project is aligned with the World Bank Group’s Country Partnership Framework (CPF) for the Lao People’s Democratic Republic for the period FY2023-FY2026 (Report No. 177311-LA).⁴ Specifically, the proposed project is fully aligned with the High-Level Outcome 2 of the CPF — Improved Labor Incomes of Vulnerable Households — by focusing on the following two objectives: Objective 6 “Enhanced learning outcomes for primary grade students and improved acquisition of market-relevant skills”; and Objective 7 “Improved inclusive access to quality health services”. The proposed project was included in the CPF, and by strengthening the availability and effectiveness of frontline workers in education and health, aims to help the CPF meet these objectives. The proposed project is aligned with the World Bank’s mission to end extreme poverty and boost shared prosperity on a livable planet and will contribute to the achievement of the World Bank Group’s Scorecard results under the Outcome Areas on no learning poverty and healthier lives. Relevant scorecard indicators will be included in the results framework during further preparation.

16. The proposed project is consistent with the country’s Nationally Determined Contribution (NDC),⁵ the country’s climate change strategies to align with the Paris Agreement goals, by supporting climate-resilient development and adaptation. The NDC highlights the need to build climate resilience in the most vulnerable sectors, including public health and commits to significantly reducing greenhouse gas emissions by 2030. The NDC has explicitly identified key objectives for long-term climate change adaptation for the health sector, including improving public health services for climate change adaptation and coping with climate change induced impacts. The National Green Growth Strategy to 2030 and the Health National Adaptation Plan (2023) emphasize climate change adaptation

³ The new rules are said to apply only to new recruits, while existing civil servants who become PSEs will keep their current compensation and benefits.

⁴ World Bank. Lao People’s Democratic Republic - Country Partnership Framework for the Period FY2023-FY2026 (English). Washington, D.C. : World Bank Group.

<http://documents.worldbank.org/curated/en/09971731222228702/BOSIB0ba4460490c70b52a08b105fa5296a>

⁵ [https://unfccc.int/sites/default/files/NDC/2022-](https://unfccc.int/sites/default/files/NDC/2022-06/NDC%202020%20of%20Lao%20PDR%20%28English%29%2C%2009%20April%202021%20%281%29.pdf)

[06/NDC%202020%20of%20Lao%20PDR%20%28English%29%2C%2009%20April%202021%20%281%29.pdf](https://unfccc.int/sites/default/files/NDC/2022-06/NDC%202020%20of%20Lao%20PDR%20%28English%29%2C%2009%20April%202021%20%281%29.pdf)



as a main focus area to reduce vulnerability. Investment in education and frontline workers skills development will support public service delivery, planning and management of adaptation and mitigation measures for climate change within broader sectoral objectives, as well as improvement of cross-sectoral governance and coordination at national and sub-national level is critical for mitigation and resilience to climate shocks. The project will support the implementation of the NDC, the strategy, and the action plan. The project is aligned with the Climate Change Action Plan 2021-2025.

C. Proposed Development Objective(s)

17. The project development objectives (PDO) are to enhance the performance of pre- and primary education and health frontline workers in Lao PDR.

Key Results (From PCN)

18. The PDO will be measured by the following indicators:

Enhance the performance of pre- and primary education frontline workers

- a. Average score received in COT by teachers in priority districts that are teaching the new Grade 1-3 mathematics and Lao language curriculum.
- b. Percentage of districts meeting the minimum teacher staffing standards as measured by the pupil-teacher ratio (defined by MOES).

Enhance the performance of health frontline workers

- c. Percentage of health workforce at district and health center levels certified by the registration and licensing system.
- d. Number of qualified health workers per 1,000 population in rural area in target provinces.

D. Concept Description

19. The proposed Investment Project Financing (IPF) will be financed by a credit in the amount of US\$35 million equivalent and will comprise the following five components: 1) Improving Pre- and Primary Education Frontline Workers Performance and Management; 2) Improving Health Frontline Workers Performance and Management; 3) Cross-cutting Support for Frontline Worker Management; 4) Project Management and Monitoring and Evaluation; 5) Contingency Emergency Response Component (CERC). Detailed information on each component is provided below.

Component 1: Improving Pre- and Primary Education Frontline Workers Performance and Management (estimated cost: US\$14 million)

31. Component 1 focuses on improving the performance and management of pre⁶- and primary EFWs in Lao PDR. Specifically, this component will support the enhancement of the skills and effectiveness of EFWs, particularly targeting pre and primary school teachers and principals in rural, poor, and remote areas (in the targeted geographical area of the 40 most disadvantaged districts out of 148) where improving learning outcomes is the most challenging. This component 1 will benefit from activities currently implemented by the GPE 3- LEAP and additional financing that address education demand issues to ensure that children in priority districts are ready to learn.

32. *Sub-component 1.1: Measuring Teaching Proficiency and Knowledge Education Frontline Workers.* The Department of Teacher Education (DTE) will lead a comprehensive initiative to assess and enhance teacher

⁶ Pre-primary of early-childhood education provision includes different modalities. Children 3 to 4 years of age and/or multi-age children 3 to 5 years of age. The GPE 3 – LEAP supports building community child development group shelters. Many primary schools only offer one year of pre-school for children 5 years of age.



competencies across pre-primary and primary education levels. Building on existing practices, the DTE will continue utilizing Teach Primary, currently implemented under GPE 3 – LEAP, while introducing Teach ECE to evaluate effective teaching practices. This assessment framework will examine teachers' subject knowledge proficiency, pedagogical skills, and classroom management capabilities. The Teach framework will be integrated with complementary measurement tools, including teacher learning assessments (currently implemented through both DFAT's Basic Education Quality and Access in Lao PDR project (BEQUAL) and JICA's Iteam2), quality surveys, and additional tools used by UNICEF. These assessment tools serve dual purposes: providing diagnostic insights to guide Continuous Professional Development (CPD) activities and establishing benchmarks to measure the project outcome on teachers' teaching proficiency and effectiveness.

33. *Sub-component 1.2: Enhancing Skills and Knowledge of Education Frontline Workers.* Based on the benchmarking exercise and diagnostic undertaken under sub-component 1.1, DTE will implement a capacity-building plan aimed at enhancing the skills and knowledge of EFWs based on the MOES new guidelines for CPD.⁷ A multi-faceted approach will be employed, combining directed: (i) self-learning through access to a revamped online learning management system with new content (MOES online learning platform used during COVID-19 is *Khang Panya Lao*); (ii) peer-to-peer support through the implementation of a district-level pedagogical support combined with the internal pedagogical support framework developed under DFAT's BEQUAL project; (iii) teaching academies (summer courses) at Teacher Training Colleges (TTC) for intensive short-duration subject content training leading to certification of knowledge acquired and ability to teaching at the right level; (iv) large-scale skill-building workshops that emphasize teaching demonstrations rather than traditional lecturing. This approach will also include providing further teacher education degrees for pre-primary and primary teachers at TTCs (the existing programs at TTCs will be expanded and their quality improved). The eight existing TTCs will play a crucial role in building capacity and knowledge of EFWs, with three TTCs receiving direct support from DFAT's BEQUAL project and five being strengthened through the GPE 3 – LEAP. These capacity-building efforts will be expanded through twinning arrangements with teacher education universities, likely from neighboring Thailand. To facilitate improved performance, teachers will be equipped with essential resources including updated guides, textbooks, detailed lesson plans (already developed and being disseminated), and instructional materials for the classrooms. Additionally, the component will develop the integration of ICT support for teachers in classrooms with access to electricity and provide access to online learning and teaching materials first on a pilot basis.

34. *Sub-component 1.3: Improve Teacher Management.* Addressing the crucial aspect of teacher allocation and management, the Department of Organization and Personnel (DoOP) will lead efforts to develop more effective strategies for teacher recruitment, deployment, and retention. This includes: 1) reviewing and improving regulation for teacher recruitment, deployment, performance assessment and management of volunteer teachers; 2) creating realistic projections for staffing needs, implementing evidence-based allocation methods. The determination of teacher allocation at province and district levels will consider three critical factors: the number of expected teacher retirements, demographic changes in school-age populations including migration patterns, and shifts in enrollment rates. These variables, which differ across provinces, will inform annual provincial quota distributions to systematically improve teacher allocation outcomes over time. The strategy also encompasses providing incentives for teachers working in and rotating to rural schools, as mandated by Decree 292/GoL which entitles such teachers to receive an additional 20-30 percent salary supplement. To support these improvements, the Personnel Management Information System (PMIS) will be upgraded to enable data exchange and integration with MOHA's system, thereby enhancing workforce planning and management capabilities. Throughout this process, DoOP will work closely with MOHA to ensure a smooth transition of education frontline workers to the new category of employees.

⁷ The new CPD guidelines for MOES in Lao PDR were approved in November 2023. This approval was part of the launch of the revised Primary Teaching Standards, which aim to enhance the professional development and conduct of primary teachers to support improved student learning outcomes.



35. The overarching goals of component 1 are to significantly improve teaching proficiency and content knowledge among pre- and primary EFWs, enhance pedagogical support systems, strengthen the capacity of TTCs, and achieve a more equitable distribution of qualified teachers across Lao PDR, with a particular focus on rural and disadvantaged areas. By addressing these key areas, the project aims to create a more robust and effective education system that can better serve all students in Lao PDR, build strong foundational skills in students and improve learning outcomes.

Component 2: Improving Health Frontline Workers Performance and Management (estimated cost: US\$14 million)

36. Component 2 focuses on improving performance and management of health frontline workers (HFW) in Lao PDR. The primary objective is to increase access to qualified health workers for people living in rural and remote areas of target provinces. This component aligns with the National Strategy on Human Resources for Health Development and aims to benefit both poor and non-poor populations in these underserved areas.

37. The MOH will take the lead in implementing this component, which focuses on several key areas of intervention. These areas include enhancing the production and deployment of health workforce, improving planning and management of health workers, strengthening both pre-service and in-service training, establishing a robust registration and licensing system, and developing strategies to motivate and retain health workers. To achieve these objectives, the component is divided into three sub-components.

38. *Sub-component 2.1 Improving Recruitment and Deployment Systems.* To improve recruitment and deployment systems based on identified gaps and merit, this sub-component involves developing regulations, guidelines and tools for recruitment examinations of health workers. It includes implementing a recruitment examination for health professionals, and updating the Health Personnel Information Management System (HPIMS) system to include data on civil servants, public employees, contract staff, volunteers, and students. The classification of health workers will be revised in line with international standards, and job descriptions will be updated accordingly. Additionally, training sessions on human resource management will be conducted for district hospitals to build capacity for recruitment planning.

39. *Sub-component 2.2 Enhancing Skills and Knowledge of Health Workers.* This sub-component will address the limited clinical skills and knowledge among existing health workers especially at district and health center levels by focusing on several key activities. These include improving the quality of pre-service training programs, strengthening the registration and licensing system, and implementing both long-term and short-term clinical training programs for nursing, and midwifery in priority district hospitals and health centers. To enhance the quality of pre-service training, the project will focus on upgrading simulation rooms, building the capacity of provincial teachers and mentors, revising curricula, and improving the accreditation system. In parallel, the registration and licensing system will be expanded by developing CPD programs, training CPD trainers, and establishing a web-based system for registration and licensing. Additionally, clinical skills will be improved through in-service training initiatives, scholarships for specialization, short-term clinical rotations, and specialist training programs.

40. *Sub-component 2.3 Implementing Strategies for Career Progression and Retention of Health Workers.* To retain qualified health workers at the frontline facilities in remote and rural areas, activities under this sub-component support implementation of existing retention policies and frameworks, developing performance assessment tools for health workers at district hospitals, and training health workers on performance assessment tools, and establishing programs to enroll rural and ethnic students in public health colleges and universities.

41. During the implementation of these activities, the project will focus on promoting gender equality and inclusion for health workers from ethnically diverse, rural, and remote communities, as well as those with disabilities. The component also aims to enhance the resilience and adaptability of the health workforce, enabling them to effectively respond to climate change and climate-related diseases and future public health emergencies.



42. By focusing on these areas, Component 2 seeks to significantly improve the quality of health services in rural and underserved areas of Lao PDR. The ultimate goal is to ensure that the health system has qualified and competent personnel who are dedicated to providing quality health services to all people in the country, thereby contributing to better health outcomes for the population.

Component 3: Cross-cutting Support for Frontline Worker Management (estimated cost: US\$4 million)

43. Component 3 focuses on improving frontline worker performance and management in Lao PDR by strengthening MOHA's capacity to coordinate and oversee public service employees (PSE). It will provide the minimum necessary technological foundation and administrative processes needed to facilitate and manage the transition of frontline workers to the new category of employees (ie.: PSE). The PSE system is aimed at providing more flexibility and agility in managing staffing needs at MOES and MOH to ensure the effective delivery of education and health services to the population.

44. To this end the project will finance activities to strengthen MOHA's core human resource management (HRM) functions. This will involve the procurement and implementation of a foundational information system for MOHA that will serve as a central repository for three key elements:

- i) Establishment records: A comprehensive list of all government-funded positions across employment categories and institutions, including both civil servants and PSE.
- ii) Personnel files: Records containing employees' demographic and work-related information, including training history and performance evaluations.
- iii) Payroll data: Detailed records of all employee monthly payments, including salaries, wages, bonuses, and deductions (such as taxes and pension contributions).

45. The system will provide robust back-office infrastructure to support improved monitoring of frontline workers' performance across sectors. The project will also provide associated training for system usage, business process optimization, and change management support.

46. **A key focus will be on ensuring interoperability between MOHA, MOES, and MOH systems.** The project will also support the development of standardized data formats and protocols to ensure seamless information flow between ministries. By enhancing data exchange and integration between ministries, it will enable more efficient and harmonized management of PSEs. The system will be designed to receive, aggregate, and analyze data from MOES and MOH, and potentially other affected ministries, creating a comprehensive overview of the public workforce. This improved interoperability will facilitate more informed decision-making, better resource allocation, and enhanced oversight of frontline workers across the education and health sectors. This activity is linked and will be implemented under close coordination with MOES and MOH under sub-components 1.3 and 2.3.

Component 4: Project management and Monitoring and Evaluation (estimated cost: US\$3 million)

47. Component 4 will support the project management activities to ensure effective implementation. Specifically, it will support establishment of the Project Management Unit (PMU) within the MOES as a leading agency, and project implementation units (PIU) within MOH and MOHA. The PMU and PIUs will be responsible for the day-to-day implementation, monitoring, and coordination of components 1, 2, and 3 of the project. The PMU will report to the World Bank on the progress of the project implementation. This component will finance recruitment of PMU/PIU staff, including project manager/coordinators, technical advisers including an IT engineer to work across three line ministries, procurement officer, financial management specialist, M&E specialist, environmental and social officer, and administrative staff; training costs; operating costs to provide technical and operational assistance to the project; design and implementation of the citizen engagement/social accountability activities; project monitoring and evaluation; and annual external audits for the project-related expenditures.



Component 5: Contingency Emergency Response Component (CERC) (US\$0)

48. Due to Lao PDR's vulnerability to climate change, this component is designed to provide swift response in an event of an eligible crisis or emergency. The CERC will include a zero-allocation of funds, and if activated in response to an eligible crisis or emergency, uncommitted grant resources under the project (from other components) may be requested for reallocation to support response and reconstruction. Inclusion of a CERC will allow the Government and World Bank to minimize the time and effort needed to utilize uncommitted project funds to finance urgent needs in the event of eligible emergency.⁸ As part of the Project Operations Manual, the CERC annex will be prepared and adopted within 6 months from project effectiveness to guide the activation and implementation of the CERC. For the CERC to be activated, and financing to be provided, the Government will need: (i) to submit a request letter for CERC activation, and the evidence required to determine eligibility of the emergency, as defined in the CERC annex; (ii) to prepare an emergency action plan, including the emergency expenditures to be financed; and (iii) to meet the environmental and social requirements as agreed in the emergency action plan and environmental and social management framework.

Legal Operational Policies

Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

49. Overall environmental and social risk for the project is rated *moderate*. The environmental risk rating is *low* at this stage because the proposed project activities are not expected to have significant adverse environmental impacts. The potential environmental risks are mainly related to: (i) generation of package wastes/e-wastes and occupational health and safety (OHS) risks associated with ICT installation and upgrades for the proposed digitized system of centralized Human Resource Management Information Systems. The identified risks and impacts will be mitigated with implementation of package/electronic waste management plan as part of the Operation Implementation Manual (OIM). In addition, OIM will include provisions of description of technically and financially feasible measures to improve energy efficiency as per the World Bank Group Environmental, Health, and Safety (EHS) Guidelines and relevant GIIPs.

50. Social risk rating is currently considered *moderate*. The project aims to enhance the performance of pre- and primary education and health frontline workers in Lao PDR, in particular through conducting assessments, developing and strengthening of HRM policy and system and supporting career development and training programs. The main social risk from the project activities is the exclusion of vulnerable and ethnic frontline workers from benefiting from project activities. Other social risks from project activities are expected to be low and manageable including OHS risk of project workers, in particular traffic-relating accidents when conducting project travel and some small risks from limited renovation works, and (ii) health and safety risks to the community, if project workers travel to remote areas to conduct social accountability meeting, consultations or training activities. A Stakeholder Engagement Plan (SEP) will be prepared and applied under the project to manage the risk of social exclusion in accordance with ESS10 and ESS7 requirements

⁸ An event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact associated with natural or man-made crises or disasters.



and relevant national legislation. The SEP will provide communication and engagement strategies to involve and reach out to affected stakeholders to enhance their accessibility and inclusion in the project design and implementation. It will also provide a grievance redress mechanism (GRM) and a social accountability mechanism (SAM) to improve transparency in public servant management in the education and health sectors. The SEP will be disclosed and consulted prior to project appraisal. An existing set of health care protocol and guidelines developed and applied with support from the World Health Organization (WHO), and UNICEF as well as Bank-financed health projects will be applied to manage the risks related communicable diseases and outbreak. Existing national traffic regulations will be observed by the communities to avoid and mitigate road safety risk and accidents.

51. Risk screening will be carried out by the project implementing agencies, following the concept stage to inform preparation of the ESF instruments required to be prepared and applied to manage the above discussed E&S risks. These include, but not be limited to, an electronic waste management plan and Environmental Code of Conduct (ECOP) as part of the Project Operation Manual, Environmental and Social Commitment Plan (ESCP), and SEP to manage the risk of exclusion of vulnerable and ethnic groups of teachers and health workers. The SEP will provide a program for engaging the representatives of health and education personnel, especially those from vulnerable and ethnic groups in the project design and implementation, and ensure their needs are considered in policy making, that they are not discriminated against in assessments, and that they can benefit from HRM strategy and system via capacity building and career development opportunities. The SEP program will include consultation, information dissemination, GRM and social accountability mechanism for effective and transparent public servants management. In addition, Strategic Environmental and Social Assessment will be prepared to inform development of HRM legislation and strategy to be financed under the project.

CONTACT POINT

World Bank

Michael Drabble
Senior Economist

Emiko Masaki
Senior Economist, Health

Elena Georgieva Georgieva-Andonovska
Senior Public Sector Mgmt. Specialist

Borrower/Client/Recipient

Lao People's Democratic Republic

Implementing Agencies



Ministry of Health

Dr. Khampasong Theppanya
Director General, DHP
pasong05@yahoo.com
Dr. Bounsert Keopasith
Director General, DFP
bounsersh@gmail.com

Ministry of Education and Sports

Sithon Sikhao
Director General of Planning
sithong.sikhao@hotmail.com

Ministry of Home Affairs

Vanxay Vannavong
Director General, Department of Technical Agencies and Public Service Employees
vanhxayv@gmail.com

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Michael Drabble, Emiko Masaki, Elena Georgieva Georgieva-Andonovska	
Approved By		
Practice Manager/Manager:		
Country Director:	Alexander Kremer	21-Nov-2024