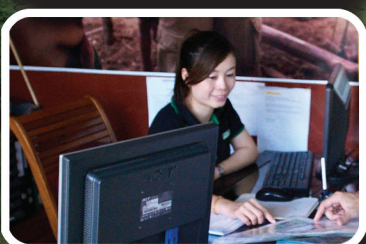
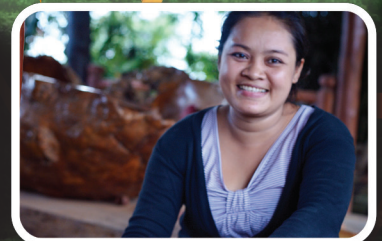
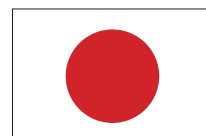


Poverty Reduction Support Operation (PRSO)

A performance-based instrument for policy and institutional reform across sectors and agencies in Lao PDR



Australian AID 



THE WORLD BANK

What?

The Poverty Reduction Support Operation (PRSO) is budget support operation which encourages **PERFORMANCE-BASED** approach to economic management. It aligns development partner strategies with the Government **7TH NATIONAL SOCIOECONOMIC DEVELOPMENT PLAN (NSED7) REFORM PRIORITIES**. It improves the visibility of Government initiatives to reform the economic policy and institutional environment across sectors.

Why?

PRSO is critical for the development of Lao PDR as it supports Government-led medium-term **POLICY AND INSTITUTIONAL REFORMS INITIATIVES** complementary to investment and technical assistance projects. PRSO **DISBURSES AGAINST REFORM PROGRESS** assessed jointly by Government and development partners. PRSO money is directly disbursed into the Government budget to support Government prioritized expenditures under the NSED7, thereby **STRENGTHENING SYSTEMS FROM WITHIN** and **BUILDING LONG TERM CAPACITY**. It follows the same mechanisms of any other Government domestic resources through the budget cycle.

When?

PRSO is developed as a **PROGRAMMATIC SERIES** of single-tranche annual operations with ex-post disbursement. The first operation was delivered in 2005. Since then, the PRSO operations have matured and now focus on a **BROAD RANGE OF POLICY AND INSTITUTIONAL REFORMS**. In September 2011 the preparation of the **3RD PRSO SERIES 2011-2015** began, in alignment with the Government NSED7 2011-2015. PRSO8, the first annual operation of the 3rd series (and the 8th from the beginning) is being prepared this **FISCAL YEAR (2011/2012)**.

Who?

PRSO is an open initiative which much values and **WELCOMES NEW PARTNERSHIPS**. PRSO benefits from **STRONG OWNERSHIP OF THE GOVERNMENT** of Lao PDR. It provides a platform of reform dialogue between **10+ GOVERNMENT AGENCIES**, represented in the PRSO Steering Committee, spearheaded by the Ministry of Finance.

PRSO is a Government-led initiative in full partnership with **WORLD BANK, AUSAID, THE EUROPEAN COMMISSION AND THE GOVERNMENT OF JAPAN**, which contribute expertise to the operation. Parallel financing offers a **FLEXIBLE** approach to partnership, allowing alignment behind a unique reform matrix with Government, while retaining different procedures for disbursements. PRSO is prepared jointly by Government and Development partner teams in fields as various as economic policy and planning, private sector and trade development, public financial management, civil service, state auditing, health and education, natural resource management, macroeconomic and fiscal management, statistics, and more.

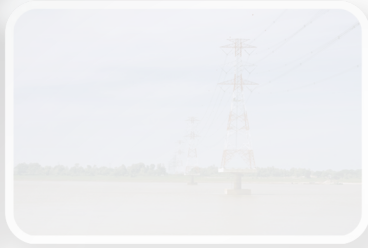
How?

PRSO provides the Government a **SOLID PLATFORM FOR COORDINATION AND COOPERATION** between Government agencies and between Government and Development Partners. It translates into alignment of development partners behind the same Government reform objectives. Every year Government and Development Partners sit together to discuss progress towards common goals for reform and the stability of the macroeconomic policy framework, a prerequisite for budget-support operations. PRSO **IS DISBURSED AFTER IMPLEMENTATION** of agreed reforms. It is aligned with the **GOVERNMENT BUDGET CYCLE**, and **PREDICTABLE**. It is a tool both for Government and for Development Partners for alignment and monitoring of performance.

It brings together **ANALYTICAL, TECHNICAL ASSISTANCE** and **INVESTMENT PROJECTS**, with its strength being its ability to take the dialogue to the next level and tackle difficult cross-sectoral issues.

And... so what?

PRSO has helped **SIGNIFICANT POLICY AND INSTITUTIONAL CHANGES**, has put in place the building blocks of sound public financial management to deliver public services, to improve investment, trade, and the overall business environment and to contribute to sustainable natural resource management policies and institutions. By supporting **LASTING POLICIES AND INSTITUTIONAL CHANGES** from within Government, PRSO contributes to sustainable and inclusive economic growth.



PRSO institutional framework

National Socio-Economic Development Plan 2011-2015

Policy and Institutional Reform Priorities

Government PRSO Steering Committee
PRSO Secretariat (Ministry of Finance)

Thematic Technical Teams (TTTs)

Coordination for
macroeconomic
stability

Public Financial
Management for
social service
delivery

Investment and
trade climate for
competitiveness

Sustainable
natural resource
management

**Platform for reform coordination across
Government agencies, between
Government and development partners**
Performance based
Flexible

Analytics

Technical assistance

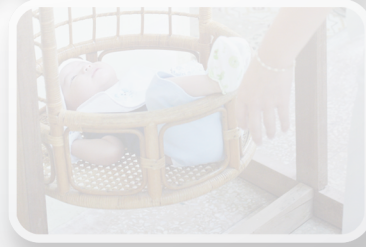
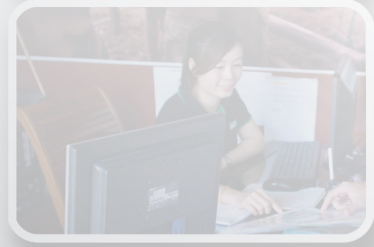
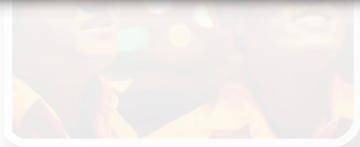
World Bank

Ausaid

European
Commission

Government
of Japan

New
partners



CONTACTS:

For further information, please contact
Genevieve Boyreau, Senior Economist, Lao PDR
Email: gboyreau@worldbank.org
Tel: [+856 20] 2222 1309



THE WORLD BANK

The World Bank Lao PDR Country Office

Patouxay Nehru Road
P.O Box 345
Vientiane, Lao PDR
Tel: [+856 21] 414 209, 450 010
Fax: [+856 21] 414 210
Website: www.worldbank.org/lao

The World Bank

1818 H street, NW
Washington, D.C. 20433, USA
Tel: (202) 473 1000
Fax: (202) 477 6391
Website: www.worldbank.org