



Lao People's Democratic Republic  
**Peace Independence Unity Prosperity**



# **8<sup>th</sup> FIVE-YEAR NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN (2016–2020)**

**(Officially approved at the VIIIth National Assembly's  
Inaugural Session, 20–23 April 2016, Vientiane)**

**Ministry of Planning and Investment  
June 2016**



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# FOREWORD

The 8th Five-Year National Socio-economic Development Plan (2016–2020) “8th NSEDP” is a mean to implement the resolutions of the 10th Party Conference that also emphasizes the areas from the previous plan implementation that still need to be achieved. The Plan also reflects the Socio-economic Development Strategy until 2025 and Vision 2030 with an aim to build a new foundation for graduating from LDC status by 2020 to become an upper-middle-income country by 2030. Therefore, the 8th NSEDP is an important tool central to the assurance of the national defence and development of the party’s new directions.

Furthermore, the 8th NSEDP is a result of the Government’s breakthrough in mindset. It is an outcome-based plan that resulted from close research and, thus, it is constructed with the clear development outcomes and outputs corresponding to the sector and provincial development plans that should be able to ensure harmonization in the Plan performance within provided sources of funding, including a government budget, grants and loans, domestic and foreign private investments, and investments in the financial system. The Plan has also complemented the monitoring and evaluation framework to keep track of implementation progress, which can be a reference for all stakeholders to support, monitor and evaluate the implementation within their domain in each period, especially to support reporting on the progress of the annual, mid-term and end-of-term implementation by achievements, weaknesses, pending issues and challenges that need to be improved and adjusted under the updated circumstances.

Vientiane Capital, 1 June 2016

**Dr. Souphanh Keomixay**  
**Minister of Planning and Investment**



**ດຣ. ສຸພັນ ແກ້ວມິໄຊ**

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# **PART I**

## **7<sup>th</sup> FIVE-YEAR NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN (2011–2015)**

### **IMPLEMENTATION REPORT**

# **PART I – 7<sup>th</sup> FIVE-YEAR SOCIO-ECONOMIC DEVELOPMENT PLAN (2011–2015) – IMPLEMENTATION REPORT**

## **1. TARGETS AND DIRECTIONS OF THE 7<sup>th</sup> NSEDP (2011–2015)**

The 7<sup>th</sup> NSEDP (2011–2015) aimed to achieve sustainable economic growth and poverty reduction, while gradually transforming Lao PDR into a more open, strengthening the private sector productivity capacity and prioritizing the achievement of the Millennium Development Goals (MDGs) by 2015. The 7<sup>th</sup> NSEDP had four overall targets:

- Ensure continuation of national economic growth with security, peace and stability and ensure GDP growth rate of at least 8 percent annually and GDP per capita of at least US\$ 1,700
- Achieve the Millennium Development Goals (MDGs), join the ASEAN Economic Community by 2015, and eradicate poverty; adopt appropriate technology and skills and create favourable conditions for graduating the country from Least Developed Country (LDC) status by 2020
- Ensure the sustainability of development by emphasizing on economic development which should include cultural and social progress, natural resources preservation and environment protection, natural disasters mitigation and climate change adaptation
- Ensure political stability, peace and social order
- Widened regional and international integration

To achieve these overall targets, the 7<sup>th</sup> NSEDP was designed to focus on the followings:

- Sustainable and inclusive economic-centered development, poverty reduction and modernization of the economy
- Rural development and poverty eradication, and gap reduction of the urban-rural area and the rich and the poor
- Education reforms, human resource development and livelihood promotion, with emphasis on the expansion of educational opportunities, the improvement of health and sanitation and training to produce skilled workers
- Increased effectiveness of public administration through rule of law and prevention of corruption
- Competitiveness by optimizing the use of natural resources, increasing regional cooperation and integration and developing investment promotion policies and industrialization strategies.

## 2. INTERNATIONAL AND DOMESTIC CONTEXT

### 2.1 Global and Regional Context<sup>1</sup>

The implementation of the 7<sup>th</sup> NSEDP has taken place in a rather challenging environment, especially given a number of international and regional incidents that have direct and indirect impacts on economic growth and unrest in society. These include: (i) the debt and financial crisis in the United States, Iceland and a number of countries in the European Union; (ii) increased fuel and food prices in the world market; (iii) political unrest in the Middle East and North Africa; and (iv) a devastating earthquake and tsunami in Japan in March 2011.

Consequently, the economic growth of some countries has hindered. The world economic growth rate in 2015 was at 3.1 percent, a decrease of 0.3 percent from 2014; in the US, the economic growth rate decreased from 3.5 percent in 2010 to 2.6 percent in 2015; Japan's economic growth rate decreased from 3.3 percent in 2010 to 0.6 percent in 2015; for the People's Republic of China, the economic growth rate decreased from 10.9 percent in 2010 to 6.8 percent in 2015. For ASEAN,<sup>2</sup> different growth rates were observed. Singapore's economy grew from 2.9 percent in 2014 to 3.0 percent in 2015; Indonesia from 5 percent in 2014 to 5.5 percent in 2015; Malaysian from 6.0 percent in 2014 to 4.7 percent in 2015; Thailand from 0.7 percent in 2014 to 3.6 percent in 2015; and Vietnam from 6.0 percent in 2014 to 6.1 percent in 2015. For countries within the European Union, the economic growth rate was expected to remain at 1.4 percent in 2015, a slight increase of 0.9 percent. The increase was derived from household expenditure, resulting from higher level of income and employment, while electricity price declined. However, towards the end of the 7<sup>th</sup> NSEDP implementation period, the world economy generally picked up because of improved economic growth and low inflation rates.

### 2.2 Domestic Context

Between 2010 and 2015, the country enjoyed political stability, peace, social order and broadened international cooperation. Prominently, Lao PDR has had the honour to host many important international meetings, such as the 7<sup>th</sup> Asia–Europe Parliamentary Meeting and the 9<sup>th</sup> Asia–Europe Summit in October and November 2012 respectively; the 6<sup>th</sup> Cambodia–Lao PDR–Myanmar–Vietnam (CLMV) Summit; and the 4<sup>th</sup> Aryavady–Chaophaya–Mekong Economic Cooperation Summit (ACMECS), 12–13 March 2013; and the 35<sup>th</sup> ASEAN Parliamentary Meeting in 2014. These historic events provided opportunities for member countries and development partners to explore and understand the development potentials and international cooperation policy of Lao PDR. In addition, the country also hosted the 16<sup>th</sup> ASEAN University Games in December 2012, organized the campaign “Love the Nation and Development”, held the 9<sup>th</sup> People's Party Congress, celebrated the 450<sup>th</sup> Anniversary of Vientiane Capital in 2010, 40<sup>th</sup> Anniversary of Lao PDR and 60<sup>th</sup> Anniversary of the Lao People's Party Establishment. Essentially, Lao PDR became a member of the World Trade Organization (WTO) on 2 February 2013. All of these events have underpinned development and facilitated business investment, production, and services. Nevertheless, development drawbacks were unavoidable caused by severe floods and heavy storms in 2012–2013,

1 Data sources: World Economic Outlook, IMF, Oct 2015.

2 Data sources: Asian Development Outlook 2015.

which largely damaged cultivated areas, infrastructure and households. To address these issues, the Government allocated funding for rehabilitation and reconstruction in order to enable continued economic growth and stability.

### 3. KEY MACROECONOMIC ACHIEVEMENTS OF THE 7<sup>th</sup> NSEDP IMPLEMENTATION

Over the past five years, Lao PDR has enjoyed continued and stable economic growth and social order, which has resulted in increased employment and improved well-being of the people; low inflation rates; satisfactory levels of production in agriculture, industry and service sector; and increased imports and exports, and public and private investment. Furthermore, revenue collection achieved its targets each year as well as public capital and recurrent expenditure including government payroll. Poverty rates decreased from 27.6 percent in 2008 to 23.2 percent in fiscal year 2012–2013 (Lao Expenditure and Consumption Survey, LECS 5). The country's score on the Human Development Index (HDI) also increased gradually, from 0.539 in 2010 to 0.575 in 2014, when Lao PDR was classified as a country with a medium level of human development and ranked number 141 out of 188 countries.<sup>3</sup>

#### 3.1 Macroeconomic Achievements

##### 3.1.1 Economic Growth

Economic growth over the past five years has continued at an average rate of 7.9 percent per year (target of >8 percent). This continuous economic growth is due to the appropriate macroeconomic management measures and mechanisms of the Government, peace in the country, social order, political and economic stability, and increased regional and international integration.

**Table 1: Comparison between GDP Growth Rate of each Fiscal Year with the 7<sup>th</sup> NSEDP Targets (2011–2015)**

Description	7 <sup>th</sup> NSEDP Targets (2011–2015)	Actual 2010–11	Actual 2011–12	Actual 2012–13	Actual 2013–14	Actual 2014–15	Average (5 years)
GDP growth (%)	>8	8.1	8.3	8.0	7.8	7.5	7.9
Agriculture–Forestry (%)	3.5	2.9	2.8	3.1	3.0	3.0	
Industry (%)	15.0	15.8	14.4	7.4	8.5	8.9	
Services (%)	6.5	7.8	8.1	9.7	9.3	9.1	

Source: Report on NSEDP Achievements in 2010–11 and 2014–15.

– *Gross Domestic Product (GDP) per Capita* increased from US\$1,217 in FY 2010–2011 to US\$1,970 in 2014–2015, which exceeded the target of US\$1,700.

**Table 2: Gross Domestic Product (GDP) per Capita**

Year	GDP (Present Value) (billion kip)	7 <sup>th</sup> NSEDP Target (US\$/person)	Actual (US\$/person)	Comparison Actual/Plan (percent)
2010–2011	62,458	1,155	1,217	5.37
2011–2012	70,343	1,332	1,349	1.28
2012–2013	80,340	1,494	1,534	0.92
2013–2014	90,823	1,674	1,671	-0.01
2014–2015	102,320	1,860	1,970	5.91

Source: Lao Statistics Bureau (LSB), Ministry of Planning and Investment (MPI).

### 3.1.1.1 Changes in Economic Structure

There has been a gradual change from agriculture–forestry to industry in line with the directions of the Five-Year Plan. The agriculture–forestry sector decreased from 27.9 percent in 2010–2011 to 24.8 percent in 2013–2014 and is expected to decrease to 27.9 percent by 2014–2015. The industry sector, however, increased from 26.9 percent in 2010–2011 to 27.5 percent in 2013–2014 and by 2014–2015 it is estimated to increase to 29.1 percent (target of 39 percent). The service sector increased from 45.2 percent in 2010–2011 to 47.7 percent in 2013–2014, and it is estimated that by 2014–2015 it will reach around 47.2 percent (target of 38 percent).

**Table 3: Changes of Economic Structure in Each Fiscal Year compared with the 7<sup>th</sup>NSEDP Targets**

Description	Targets (2014–2015)	Actual 2010–11	Actual 2011–12	Actual 2012–13	Actual 2013–14	Targets 2014–15
GDP at present value (in million kip)	104,000	62,458	70,343	80,199	90,823	102,320
<i>Composition</i> (percent)	100.0	100.0	100.0	100.0	100.0	100.0
- Agriculture– Forestry(percent)	23.0	27.9	26.7	25.2	24.8	23.7
- Industry(percent)	39.0	26.9	29.6	28.2	27.5	29.1
- Services(percent)	38.0	45.2	43.7	46.8	47.7	47.2

Source: LSB.

### 3.1.2 Inflation

The inflation rate fluctuated within the range set in the Plan (less than the growth rate) and, on average during the five-year implementation, it increased to about 5 percent. The main factors affecting inflation included prices of: consumables (which increased 8.27 percent on average); housing, electricity, water and fuel (6.72 percent increase); restaurants and hotels (6.50 percent increase); clothing and footwear (3.88 percent increase); and goods and services (3.6 percent increase) (see Table 4). In addition, pressure from global price changes, the imbalance of supply and domestic demand, and the uncertainty of oil prices in the global market directly affected domestic oil prices. In FY2010–2011, the domestic oil price increased by 20 percent (and adjustment was made 17 times – 13 times to increase the price and 4 times to decrease the price). Moreover, prices of goods in neighbouring and regional countries, including China, Thailand and Vietnam, also continuously increased. Internal factors in those increases will be insufficient supply in response to the demand, especially for meat products.

**Table 4 : Changes in the Inflation Composition**

Description	2010–11	2011–12	2012–13	2013–14	2014–15	Average
1. Food (%)	10.39	6.97	10.37	9.17	4.44	8.27
2. Beverages (%)	2.28	3.07	3.38	5.47	2.48	3.34
3. Clothing and footwear (%)	2.39	2.35	4.42	6.02	4.22	3.88
4. Housing, water, electricity (%)	3.14	9.15	9.09	3.64	8.57	6.72
5. Household supplies (%)	1.40	2.54	2.70	2.10	1.30	2.01
6. Healthcare (%)	2.25	1.20	1.31	1.34	0.18	1.26
7. Communications and transport (%)	7.90	4.88	0.43	0.65	-5.24	1.72
8. Post and telecommunications (%)	2.41	2.13	1.71	0.85	1.19	1.66
9. Entertainment and recreation (%)	0.94	1.63	1.81	2.22	0.18	1.36
10. Education (%)	0.57	0.92	2.19	1.31	0.26	1.05
11. Restaurants and hotels (%)	3.50	7.93	8.63	8.60	3.83	6.50
12. Goods and services (%)	9.24	5.61	1.50	1.41	0.24	3.60
Inflation rate (percent) (%)	7.42	5.12	5.64	5.16	1.68	5.00

Source: LSB.

### 3.1.3 Fiscal and Monetary Policy Management

Over the past five years, the exchange rate has been stable; the kip has appreciated against the US dollar 0.63 percent per year on average; compared to the baht, the kip appreciated 0.99 percent.

The reason for kip appreciation against the US dollar in FY 2010–2011 to 2012–2013 is the continuous capital inflows and depreciation of the US dollar in international markets, which was caused by the economic crisis in the US and debt problems in Europe. However, in FY 2013–2014, the kip depreciated against the US dollar as an effect of the application of the Government's policy to reduce the foreign currency liquidity issue. Conversely, the kip appreciated against the baht, as the later depreciated against the US dollar. In FY 2014–2015, the kip continues to weaken against the US dollar due to changes in the world market exchange rate.

**Table 5: Foreign Currency Exchange Rate**

Currency	2010–2011	2011–2012	2012–2013	2013–2014	2014–2015	Average
LAK/US\$	8,036.34	8,010.73	7,867.92	8,033.20	8,123.15	8,014.27
Appreciation/ Depreciation (%)	4.16	0.32	1.82	-2.06	-1.11	0.63
LAK/Baht	266.51	258.13	259.32	251.13	245.52	256.12
Appreciation/ Depreciation (%)	-3.39	3.25	-0.46	3.26	2.29	0.99

Source: Monetary Policy Department, Bank of Lao PDR.

### 3.1.4 Money Supply (M2)

In the past five years, money supply increased continuously as continued economic growth has been observed. The average increase in the money supply is 26.87 percent per year, which is a result of increased bank loans in response to needs for the socio-economic development of the country.

**Table 6: Money Supply Growth**

Description	2010–2011	2011–2012	2012–2013	2013–2014	2014–2015	Average
Annual growth of the money supply (%)	37.94	28.01	20.61	27.14	20.66	26.87

Source: BOL.

### 3.1.5 Foreign Currency Reserves

During the past five years, the foreign currency reserves have increased from US\$532.2 million at the end of FY 2009–2010 to US\$798.2 million at the end of FY 2014–2015, sufficient to cover imports on average for five months.

**Table 7: Foreign Currency Reserves**

Description	2009–2010	2010–2011	2011–2012	2012–2013	2013–2014	2014–2015
Foreign currency reserves (US\$)	531.20	718.10	658.57	583.44	834.70	798.20
Coverage of imports	Sufficient to cover imports on average for five months per annum					

Source: BOL.

## 3.2 Macro balance

### 3.2.1 Investment for Development

During the period of the 7<sup>th</sup> NSEDP (2011–2015), total investments (including government budget, grants and loans, domestic and foreign private investments, and investment in the banking system) amounted to 248,761.28 billion kip, equal to 195.88 percent of the Five-year Plan target (127 trillion kip). Investment increased from 28,663.23 billion kip, equivalent to 45.89 percent of GDP in 2010–2011, and it is expected to reach 44,359.03 billion kip in FY 2014–2015, equivalent to 43.35 percent of GDP. Up until September 2015, total investments of both central and provincial levels can be summarized as follows:

- Government budget investment was around 13,017.69 billion kip, or 96.43 percent of the Plan
- Grant – Loan (Official Development Assistance, ODA) investment was about 26,981.26 billion kip or 91.05 percent of the Plan
- Domestic and foreign private investment was about 167,268.83 billion kip, or 247.81 percent of the Plan
- Bank credit investment was about 41,493.5 billion kip or 307.36 percent of the Plan.

#### 3.2.1.1 Government Budget Investment

During the 7<sup>th</sup> NSEDP implementation period, the Government has attempted to mitigate the impacts of natural disaster at provincial level from its budget in order to stimulate economic development and address poverty reduction: this policy has resulted in a gradual increase in public investment from 1,753.23 billion kip, covering 6.13 percent of the total investment in FY2010–2011, to 3,424.93 billion kip, covering 7.72 percent in FY2014–2015. During the 7<sup>th</sup> NSEDP period, government budget investment is valued at 13,017.69 billion kip, covering 5.23 percent of the total investment and equivalent to 96.43 percent of the Five-Year Plan target (which is 12,000–15,000 billion kip). The sectors and provinces are allocated their budget with moderately high amounts for the projects that are seen to be effective and in line with the Government's priorities:

- The economic area covered 30 percent of the total investment
- The social area accounted for 35 percent of the total investment: the education sector 17 percent, the health sector 9 percent, and other social sectors 9 percent.
- Road and office building construction accounted for 35 percent of the total investment: road construction 28 percent and office building construction 7 percent.

Overall, sectors and provincial governments have implemented public investment in accordance with rules and regulations. However, some public investment has been scattered. Project development still lacks analysis and does not well reflect development goals. Thus, many projects have been modified during implementation. The use of foreign funds in some sectors and provinces still does not always go according to plan, partially due to the lack of capacity of government agencies. The monitoring system of project implementation at the sector and local levels is not yet fully systematic. For the way forward, attention is to be placed on the evaluation of projects, in particular evaluation of project proposals before they are included in the PIPs to ensure clear focus and relevance, avoiding over-implementation of projects, and providing preventative measures to solve debt problems that persist at present.

### 3.2.1.2 Grants and Loans

The Government organized the Round Table Implementation Meeting and High Level Round Table Meeting to discuss and mobilize funds from the development partners to support the implementation of the 7<sup>th</sup> Five-Year Socio-economic Development Plan (2011–2015). At the two high-level meetings held on 10 November 2010 and 11 November 2013, despite the global economic crisis, the development partners continued to express their desire to continue to assist Lao PDR. As a result, during the past five years, Lao PDR has mobilized ODA of 26,981.26 billion kip or about US\$ 3,369 million, equivalent to 91.05 percent of the Plan target (the 7<sup>th</sup>NSEDP set the target of 33,000–35,000 billion kip). Of this, grants and loans amount to 5,062.89 billion kip (or approximately US\$ 630 million) covering 17.66 percent of the total investment in FY2010–2011 (the Plan target is US\$ 600 million), and 5,361 billion kip (or approximately US\$660 million) covering 12.09 percent of the total investment in the FY2014–2015 (the Plan target is US\$660 million).

The use of grants and loans (ODA) has been focused mainly on the socio-cultural and economic sectors, as follows:

- Grants have been allocated for the development of the social and cultural sectors to achieve the Millennium Development Goals (MDGs)
- Loans have been focused on the development of the economic sector and infrastructure such as energy–mining, agriculture–forestry, public works and transportation.

### 3.2.1.3 Domestic and Foreign Private Investment

The Government has strived to create an enabling environment for investors. A highlight has been the opening of the one-door investment service starting from 1 October 2011, which helps facilitate fast and transparent investment, ensuring public benefits. In addition, a website has been developed to allow investors easy access to investment information. This has attracted domestic and foreign private investment of 167,268.83 billion kip or about US\$20,871.37 million, equivalent to 247.81 percent of the Plan target (the 7<sup>th</sup>NSEDP target is 64,000–71,000 billion kip or 50–56 percent of total investment). Private investment increased from 15,348.70 billion kip or about US\$ 1,918.59 million, accounting for 53.55 percent of the total investment in FY2010–2011, to 28,081.73 billion kip, covering 63.31 percent of total investment in FY2014–2015.

Domestic and foreign private investment focuses mainly on energy and mining, followed by the services and agriculture sectors. In the agriculture sector, investment is mainly in the corn promotion project, sugarcane, rubber tree and other industrial tree plantations, and coffee and tea plantations for export. Energy sector investments include hydropower projects and investments in mining, including bauxite mines, establishment of processing factories for alumina and aluminum for both the domestic market and for exports, and gold and other minerals and processing for domestic and export markets. In the service sector, investments included five-star hotels, high-class villas, golf courses, shopping malls, apartments, resorts, conference and sports canters, and comprehensive telecommunication service projects.

### 3.2.1.4 Bank Credits

The Bank of Lao PDR has carried out policies and regulations to enable commercial banks to approve loans with low cost. Loan products have been developed continuously. There are many types of credits that are in line with the needs of different client groups. At the same time, commercial banks have also taken ownership in providing credits to effective projects by focusing on improving regulations, mechanisms and procedures on lending consideration, to enable easy access to funding sources while also controlling credit to ensure quality and manage the non-performing loans to the level of not more than 3 percent. At the same time, Bank of Lao PDR credits to infrastructure projects and other long-term projects yielding long-term benefits have been reduced and suspended.

Over the past five years, total banking credits to support economic growth amounted to 41,493.50 billion kip, an increase of 31.09 percent per annum (from 14,805.09 billion kip in 2009–2010 to 56,298.59 billion kip in 2014–2015), of which private banking credits increased by 32.67 percent per annum.

**Table 8: Bank Credit Investment**

Description	2010–2011	2011–2012	2012–2013	2013–2014	2014–2015	Total (five years)
Increased value of bank credits (billion kip)	6,498.41	6,926.90	11,772.94	8,804.15	7,491.10	41,493.50

### 3.2.2 State Budget Balance

Over the five-year period of the 7<sup>th</sup> NSEDP, the Government has improved revenue collection mechanisms to enable increased revenue collection and expenditures for administration and investment, as follows:

- **Total Revenue:** Total revenue collection is 99,549 billion kip, accounting for 24.6 percent of GDP (the Five-Year Plan target is 19–21 percent of GDP). In FY 2010–2011, revenue was 14,310 billion kip or 23.10 percent of GDP; in FY 2014–2015, revenue was 24,468 billion or 23.9 percent of GDP.
- **Domestic Revenue:** Overall domestic revenue collected was 76,648 billion kip, covering 18.9 percent of GDP (the Five-Year Plan target is 16–18 percent of GDP). In FY 2010–2011 domestic revenue collected was 10,601 billion kip or 17.10 percent of GDP, and in FY 2014–2015, domestic revenue collected was 19,923 billion kip or 19.50 percent of GDP.
- **Budget Expenditure:** Total budget expenditure was 118,639 billion kip, accounting for 29.30 percent of GDP (the Five-Year Plan target is 22–25 percent of GDP). The budget expenditure in FY 2010–2011 was 15,115 billion kip or 27.2 percent of GDP, and in FY 2014–2015 it was 29,097 billion kip or 28.40 percent of GDP. The budget expenditure has enabled improved livelihoods of civil servants, the army and police as it has adjusted the cost of living and financial support to civil servants, and ensuring smooth and timely repayment of domestic and foreign debt.
- **Budget Deficit:** Total budget deficit was 19,090 billion kip, covering 4.7 percent of GDP (the Five-Year Plan target is 3–5 percent of GDP). In FY 2010–2011, the budget deficit was at 1,687 billion kip or 2.7 percent of GDP, and in FY 2014–2015, it was 4,629 billion kip or 4.60 percent of GDP.

**Table 9: Summary of Revenue and Expenditure**

Description	2010–11	2011–12	2012–13	2013–14	2014–15	Total
Total revenue(billion kip)	14,310	17,263	20,176	23,331	24,468	99,549
Domestic revenue (billion kip)	10,601	12,698	15,264	18,161	19,923	76,648
Total expenditure (billion kip)	15,997	19,115	26,269	28,160	29,097	118,639
Budget deficit(billion kip)	1,687	1,852	6,093	4,829	4,629	19,090

Source: Report on Five-Year State Budget Implementation (2011–15), No.795/MOF.CO, 31 March 2016.

### 3.2.3 Import–Export

The Government has improved mechanisms for and encouraged international trade by establishing a website to provide information on and facilitate import–export of goods for the business sector, which increased import value, as follows:

- **Exports:** Overall export value has reached US\$14,229.23 million or about 28.08 percent of GDP. In FY 2010–2011, export value was US\$ 2,027.15 million; in FY 2014–2015, it was US\$ 3,426.07 million.
- **Imports:** Overall import value was US\$ 17,629.67 million or 34.79 percent of GDP. In FY 2010–2011, import value was US\$ 2,324.58 million; in FY2014–2015, it was US\$4,407.72 million.
- **Trade deficit:** The total trade deficit was US\$ 3,400.45 million, accounting for 6.71 percent of GDP. In FY 2010–2011, the trade deficit was US\$297.43 million; in FY 2011–2012, it was US\$ 870.34 million; in FY 2012–2013, it was US\$389 million; in FY2013–2014, it was US\$1,247.13 million; in FY 2014–2015, it was US\$ 981.65.

### 3.2.4 Labour and Employment

As total population increased from 5.62 million in 2005 to 6.49 million in 2015, the labour structure has gradually shifted into manufacturing industry as the economic sector has been developed. Labour in the agriculture sector fell from 71.3 percent in 2010<sup>4</sup> to 65.2 percent in 2015 (the target by 2015 is to reduce it to 70 percent). In the industry sector, the employment rate increased from 8.3 percent in 2010 to an estimated 11.4 percent in 2015. The target is to increase it to 7 percent by 2015. In the service sector, the employment rate increased from 20.4 percent in 2010 to 23.4 percent of the total labour force in 2015.<sup>5</sup> The target by 2015 is to reach 23 percent of the total labour force. Just over 3,021,212 jobs were created, accounting for 51.92 percent of the total population in 2010; this is expected to rise to 55.67 percent of the population in 2015.

Overall, labour targets during the last five-year period have not yet been achieved because of shortage of clear information on the labour market, resulting in inability to meet labor market demand and development. Allocation of the labour force as defined in the development plan and financial plan has not yet been achieved, and development is still concentrated in urban areas with favourable infrastructure.

4 Source: Labour Force and Child Labour Survey 2010, MoLSW and LSB (MPI).

5 Estimation based on LECS5 2013, LSB.

Yet, the development of industrial processing is still lacking, promotion of SMEs is not yet prominent, which has caused high rates of labour migration from rural to urban areas.

### 3.3 Rural Development and Poverty Reduction

Over the past five years, each sector at national and subnational levels has given great attention to developing village and focal areas in accordance with the four concepts and four targets together with the implementation of the “3-builds” directive (building provinces to become strategic units, districts to become comprehensively strengthened units and villages to become development units), which is being piloted in 52 districts and 109 targeted villages.

This piloting is ongoing and has contributed to strengthening local capacity and poverty reduction. Some highlights are:

- The process of dispatching government experts to help work at grass-roots level has been strengthened. To date, 15,135 government officials have been dispatched to villages and Kum Ban to work on building the political base, 1,065 of whom are from the central level, 1,196 from the province and 12,874 from the district level, and some are students.
- The political system at the village and Kum Ban levels has been significantly strengthened. The proportion of villages with solid political organization with strong provincial Party unit leadership has increased to 68 percent of all villages in the country; of these, 80.98 percent were security villages, 68.25 percent were drug free villages and 74.47 percent were case-free villages.
- The Government has focused on building necessary infrastructure such as road access to districts and village to village; to date, 84.51 percent of all villages have road access. In relation to the target set for 2015, road access to all villages with essential conditions is highly achievable. At present, road improvement and construction is under way to access six districts: Kaleum, Dakcheung, Samouay, Saychamphone, Sathsathane and Phonethong. At the same time, attention has continued to be paid to expanding the education network, health services and sanitation to poor and remote rural areas. Based on the poverty assessment and village development criteria, the number of villages which achieved compulsory education (primary education) increased from 80 percent of all villages in 2011 to 99.63 percent of all villages in 2014, and health model villages increased from 24.5 percent of all villages in 2011 to 64.84 percent of all villages in 2014.
- Settlements and permanent job creation have been achieved through concentration on bordered and priority areas of the Government. Many families in the area shifted from slash-and-burn rice cultivation to commercial production using their local potential skills and new techniques, to secure permanent jobs as well as ensuring improved livelihoods. This consequently tackled poverty issues through progressive development villages, priority areas and establishment of new towns.

In summary, over the last five years, rural development and poverty reduction has been achieved to a large extent. A poverty assessment in 2014 (Decree No. 309/PMO regarding poverty and rural development 2012–2015) suggested there were 76,604 poor households and 1,736 poor villages which accounted for 23.09 percent of all villages nationwide. However, LECS5 indicates that the poverty rate fell from 27.6 percent in FY2007–2008 (LECS4) to 23.2 percent in FY2012–2013, and it is expected to remain at approximately 20 percent in 2015.

## 3.4 Sector Achievements

### 3.4.1 Economic Sector Development

#### 3.4.1.1 Agriculture and Forestry

During the past five years, agriculture and forestry was one of the sectors that generated a number of significant achievements despite the impacts of natural disasters, fluctuation of agricultural product and production input prices, and others. These accomplishments include food production, the promotion of commercial production for domestic consumption and exports, and enhancement of quality and productivity. Detailed achievements are shown below.

#### Food Supply

**Rice production** was basically able to meet society's demand. Average total rice production during the past five years was more than 3 million tons per annum. In FY2010–2011, rice production was 3.06 million tons and in FY2014–2015, it was 4.1 million tons, equivalent to 97 percent of the 7<sup>th</sup> Plan target of 4.2 million tons. More details on rice production by type are as follows:

- **Rain-fed rice farming system:** In 2011, 598,358 ha of wet season paddy fields were yielding 2,32 million tons of rice. In 2012, 706,028 ha yielded 2.76 million tons and in 2013, 683,125 ha yielded 2.73 billion tons of rice. In 2014, total paddy fields was 762,566 ha, yielded about 3.21 million tons of rice, and in 2015, total paddy fields reached 757,640 ha, yielded 3.3 million tons, exceeding the 7<sup>th</sup> Five-Year Plan target (740,000 ha) by 12 percent.
- **Dry season rice:** In 2011, 112,210 ha of dry season rice cultivation area yielded 540,315 tons of rice. The area comprised 101,525 ha, yielding 520,000 tons in 2015. This accounted for just 51 percent of the Five-Year Plan target of 200,000 ha, due to various factors that have affected production, including climate change; the low level of rainfall anticipated compared with the previous year; irregular rainfall, which may cause the river dry out; use of irrigation systems not being fully effective, canals being damaged, and repair of irrigation systems not being achieved in time for the production season; some areas with cold weather turning to farming, especially in the north; and the dry season rice areas that can be irrigated are being converted to residential areas and roads.
- **Upland rice:** In 2011, 106,682 ha of upland rice cultivation area yielded 202,250 tons of rice. In 2015, the area was 91,060 ha, yielded 224,360 tons and reached 91 percent of the Five-Year Plan target. The 100,000 ha target of the 7<sup>th</sup> Five-Year Plan has therefore already been met. Major production of upland rice is located in Huaphanh, Xiangkhouang, Sayabouly, Xaisomboun and Phongsaly.

**Cultivation of food crops** continued to grow moderately:

- **Corn:** Production rose from 108,275 tons in FY2010–2011 to 259,870 tons in FY2014–2015. This 42 percent increase exceeded the 7<sup>th</sup> Five-Year Plan target of 228,474 tons by 13.74 percent. Corn was cultivated in Champasak, Vientiane, Oudomxay, Bolikhamxay and Luang Prabang provinces.
- **Taro:** Production was 304,120 tons in 2010–2011 and 268,560 tons in 2014–2015, covering 88.48 percent of the 7<sup>th</sup> Five-Year Plan target of 303,500 tons. The production of taro has been stable at a level of 300,000 tons. Champasak, Saravane, Vientiane, Phongsaly and Xiengkhouang provinces all cultivated taro.

- **Fruit:** Production increased dramatically from 626,805 tons in FY2010–2011 to 790,840 tons in FY2014–2015, exceeding the Five-Year Plan target of 700,000 tons by 12.98 percent.
- **Vegetables:** Production was about 1,225,370 tons in FY2010–2011 and 1,402,690 tons in FY2014–2015, an increase of 14 percent or about 93 percent of the Five-Year Plan target (1,500,000 tons). Vegetables are mostly grown in Champasak, Vientiane, Oudomxay, and Vientiane Capital. The most outstanding vegetable growing projects are the organic vegetable projects, a result of high public demand. At present, organic vegetable grower groups have expanded to eight provinces, with 59 groups able to sufficiently meet the consumption needs of society.

**Livestock and Fishery** expanded considerably, due to support for transformation into new practice through provision of materials and inputs for production; provision of technical training on animal raising, animal food storing and fodder growing; provision of vaccination against diseases resulting in the growth of livestock numbers by 5 percent per year (the Five-Year Plan target is 4–6 percent per year). **Buffalo** herd sizes have grown by 1–2 percent per year, increasing from 1.19 million in FY2010–2011 to 1.21 million in FY2014–2015. As the target of the Five-Year Plan was 1.26 million, 96 percent of the plan has been achieved. **Cow** herd sizes have grown by an average 5 percent per year, from 1.52 million in FY2010–2011 to 1.81 million in FY2014–2015. This represents an increase of 19 percent, or 97 percent of the Five-Year Plan target (1.86 million). **Pig** farming has grown at 3–5 percent per year, from 2.65 million pigs in FY2010–2011 to 3.04 million in FY2014–2015, an increase of 14 percent, or 99.67 percent of the Five-Year Plan target (3.05 million). **Goat** herds sizes increased by an average of 4 percent per year, from 431,000 goats in FY2010–2011 to 525,725 in FY2014–2015 (a 21 percent rise). The target of the Five-Year Plan (522,500) was achieved. **Poultry** farming has grown by 7–8 percent per year, with stock increasing from 26.85 million units in FY2010–2011 to 34.36 million in FY2014–2015 (a 27 percent rise), exceeding the Five-Year Plan target (33.52 million) by 2 percent.

Due to this livestock growth trend, production of meat, fish and eggs increased from 296,086 tons in FY2010–2011 to 387,734 tons in FY2014–2015, achieving the Five-Year Plan target (379,100 tons). The consumption rate of meat, fish and eggs reached an average 48 kg/person/year in 2012 (in rural areas, an average 42 kg/person/year, and in urban areas, an average 56 kg/person/year). In FY2013–2014, consumption is estimated to continue to rise, to reach an average 53 kg/person/year.

## Commercial Production

**Commercial plantations** have constantly expanded. The outstanding crops are coffee, cassava, maize and sugarcane. These crops have market potential, market demand and prices that are satisfactory for farmers, and also the support of and promotion by the Government and private sectors, including enterprises investing in agriculture and agro-processing for export. The details of each crop are as follows:

- **Coffee:** Production increased from 52,010 tons in FY2010–2011 to 99,780 tons in FY2014–2015, or by 80 percent, exceeding the Five-Year Plan target (55,300 tons). Coffee is grown mostly in Champasak, Saravan and Sekong provinces as they have both domestic and international market demands, especially to produce for the Dao Heuang factory.
- **Maize:** Production increased from 917,715 tons in FY 2010–2011 to 1.11 million tons in FY 2014–2015, or 94 percent of the Five-Year Plan target (1.17 million tons). Maize is grown mostly in Sayabouly, Oudomxay, Huaphanh, Xiengkhouang and Bokeo provinces.

- **Cassava:** This is one of the cashcrops that have high potential for growth and rising market demands. The production of cassava increased from 743,170 tons in FY 2010–2011 to 1,513,920 tons in FY 2014–2015. The Five-Year Plan target of 640,000 tons has already been achieved and more than doubled. Vientiane Capital, Vientiane and Bolikhamxay provinces grow cassava as their industrial crops and they have high market demand and host many big factories.
- **Sugarcane:** Production increased from 1.22 million tons in FY2010–2011 to 1.75 million tons, equivalent to 81 percent of the Five-Year Plan target (2.15 million tons). Provinces that grow sugarcane are Savannakhet and Bolikhamxay.
- **Tobacco:** Production in FY 2010–2011 was 81,175 tons, and in FY2014–2015 it will be 64,600 tons; this represents 71 percent of the Five-Year Plan target (90,000 tons). Tobacco is planted in Champasak, Savannakhet, Bolikhamxay, Luangprabang and Vientiane provinces for supplying to the factories in Vientiane and Savannakhet and for export.
- **Cotton:** Production increased from 1,840 tons in FY 2010–2011 to 2,200 tons in FY 2014–2015, or 50 percent of the Five-Year Plan target (4,370 tons).
- **Job's tears:** In FY2010–2011, production yielded 103,485 tons. In FY2012–2013 and FY2013–2014, production yielded 143,535 tons and 175,640 tons respectively and in FY2014–2015 yielded 186,620 tons. Production exceeded the Five-Year Plan target of 96,000 tons.
- **Soybeans:** Production increased from 13,820 tons in FY2010–2011 to 13,905 tons in FY2012–2013, 16,645 tons in FY2013–2014, and 17,630 tons in FY 2014–2015, representing 59 percent of the target of the five-year plan (29,750 tons).
- **Peanuts:** Production yielded 70,195 tons in FY2010–2011, 54,805 tons in FY2012–2013, 65,100 tons in FY2013–2014, and 66,500 tons in 2014–2015. The target of the Five-Year Plan was 70,000 tons, so production reached 95 percent of the plan.
- **Green beans:** Production yielded 4,790 tons in FY2010–2011, 3,365 tons in FY2012–2013, approximately 6,500 tons in FY2013–2014, and 17,630 tons in FY 2014–2015. Production has already exceeded the target of the Five-Year Plan.

**Rubber plantation** expanded significantly, especially in the northern provinces as a result of the promotion of private domestic and foreign investment. At present, the total rubber plantation area is 248,864 ha, the farmer plantation 66,833 ha, the contract farming plantation 58,647 ha and companies' own plantation 121,873 hectares. The total harvested area is 35,959 ha.

**Non-timber forest products:** Production of bamboo exceeded the Five-Year Plan target of 0.9–1 million units and reached about 2.16 million units in FY2012–2013. Production of firewood also exceeded the Plan target of 29,557 cubic yards in FY2010–2011 and reached 40,900 cubic yards in FY2012–2013, which will exceed the Five-Year Plan target (10–12 thousand cubic yards) by approximately 28,900 cubic yards.

**Commercial Livestock:** Commercial livestock is likely to meet the target set by the Five-Year Plan, due to the increasing move to industrial livestock, using improved species, especially pigs, chickens (layer), chickens (boiler), and ducks (layer), which are farmed throughout the country, particularly in big cities such as Vientiane Capital, and in Vientiane, Luangprabang, Khammouane, Savannakhet and Champasak

provinces. Cattle farming on plateau and upland areas is based on cattle stock of the village and aims to supply the products to the domestic market and neighbouring countries along the border. Also, fish are raised in ponds and fed in irrigation reservoirs and the Mekong River and its tributaries, and their number has expanded considerably. Cage aquaculture has increased from 4,500 cages in 2010 to 6,800 cages in 2014, or 50,884 tons. Although, overall, livestock production has tended to increase, actual consumption, both domestically and abroad, is still insufficient. This is especially so of large animals (cows) because farmers often lack the knowledge and techniques specific to controlling outbreaks of animal diseases; cow species are local ones that have low production yields; enforcement of regulations to protect pregnant cows from being killed is not strict; and slaughter houses and meat processing factories are very basic and lack hygiene certification. There is a lack of clear policies and measures to develop livestock and a lack of coordination among all parties concerned, in both the public and private sectors. The export of large animals is mostly through cross-border trade.

Overall, the quantity of agricultural products has increased but most are still in the form of raw materials, lacking processing for added value. In the future, efforts should be put into mobilizing investors to invest in agro-processing.

## Forestry

- **Management of Production and Plantation Forests:** At present, across the country, there are 51 National Production Areas that cover 3.1 million ha and are divided into 324 sub-areas. To date, surveys, data collection and allocation plans have been completed in 276 sub-areas, covering an area of 2.2 million ha. The registration of tree plantation sites has been completed in nine provinces: Luang Prabang, Vientiane, Bolikhamxay, Khammouane, Savannakhet, Champasak, Saravan, Sekong and Attapeu, for a total of 530 lots on 1,026.85 ha.
- **Forest restoration:** There was 164,096 ha in the production areas, accounting for 20 percent of the Five-Year Plan target (817,400 ha).
- **Tree plantation:** Collection of heartwood has increased from 56,261 kg in 2010 to 102,937 kg in 2012, and the seedling nursery reached 94.81 million seedlings, averaging 45.40 million annually. The total plantation of 113,776 ha represents 76 percent of the Five-Year Plan target (150,000 ha). At present, the total plantation is 437,705 ha or 87.5 percent of the Plan target by 2020 (500,000 ha).

## Irrigation

The total irrigated area increased from 409,276 ha in FY2010–2011 to 419,267 ha in FY2014–2015, or 52 percent of the Five-Year Plan target (800,000 ha). The supply of irrigated water for dry season production declined from 148,456 ha in FY2010–2011 to 145,753 ha in FY2011–2012, 129,911 ha in FY2013–2014, and 159,267 ha in FY 2014–2015, achieved 53 percent of the Plan target of 300,000 ha. The reason for the shortfall is that irrigation schemes were severely damaged during the rainy season of 2011 and timely rehabilitation could not be provided. Water supply in the form of sprinklers covered 260,820 ha in 2010–2011 and 260,000 ha in 2014, or 52 percent of the Five-Year Plan Target (500,000 ha), due to the rehabilitation of some damaged irrigation systems that enable sprinkler-based water supply. The most outstanding achievement is the implementation of 11 sprinkler irrigation projects, such as in Takokkoun Technical Service Centre in Bolikhamsay province and Napork Research Centre to water corn and soybeans. Experiments show that the use of sprinklers can raise agricultural productivity.

## Agriculture Land Management and Development

A survey of agricultural land allocation in all 137 districts has been completed; 118 districts have already received the land allocation and preparations are under way to allocate land to 19 additional districts. Planning and zoning classification for agriculture, especially rice farming, vegetable plantations and livestock need to be more detailed, aimed at 7 large plains, 16 medium and 12 small plains. Two plains are selected as pilots, including Khammouane and Savannakhet; some small northern plains will be allocated to commercial rice production for export to China and other countries.

## Research and Technical Application

The number of agricultural and forest extension centres throughout the country has increased to 264. There is one service centre that is under the management of the Department of Agriculture Extension and Cooperatives, 80 service centres at provincial level, 145 service centres at district level and 38 service centres at Kum Ban level; of these, 97 centres are in the 3-builds districts and 3 centres are in villages. For technical improvement, there were supplies of equipment, drying and screening machines, and drying yards for seeds in a total of 13 extension centres in 12 provinces, together with job creation that suits production potentials and support from field staff to Kum Ban regarding regular production promotion, aiming to assist local villagers to know and understand the new and better plantation or livestock husbandry techniques. There has been provision of 100 seed planters and 1,000 leaf colour charts to the Department of Agriculture Extension and Cooperatives in 18 provinces throughout the country. In addition, application of modern technologies is promoted in rice production to reduce labour and increase productivity and lower the cost of production.

- Production of rice species is on an expanding trend. The centres have produced 59,500 tons of improved rice species, 12 percent of which is white rice and the rest sticky rice. In the Central and Northern Regions, 80 percent of farmers in the wet season and 100 percent in the dry season are using improved rice species.
- In addition to rice species, the centres also focused on researching economic cash crops and vegetables, such as the 450-year hybrid corn, soybean, banana and others. The plantation areas were also enlarged for coffee, cardamom and some seedlings of fruit trees.
- **Breeding of species of aquatic animals and fish:** 196 million fish were bred, achieving 95 percent of the Five-Year Plan target (206 million), 30 percent of which are bred by the public extension centres; the other 70 percent is bred by private enterprise. Experiments have been carried out with eight native fish species: 'Tong', local catfish, 'Kot', 'Keng', 'Kare', 'Soi' and tiger fish in 'Nong Tang' and 'Ban Hard' ponds, a total of 1,200 fish or 60 percent against the Plan.
- **Breeding of large animals and production of animal food:** There are eight mixed breeds of local and foreign cattle (1 male to 25 females, so 8 males to 200 females per year, which are expected to expand the number of the breed to 130). At present, one male cattle was produced as a standard breeder. There are 25 of mixed breed. In total, there are 799 cattle of both pure breed and mixed breed. In total, there are 51,859 local chicken 'gai-toc', turkey, and mixed poultry of two or of three breeds. Production of fodder is 2,500 kg, along with the maintenance of grasslands for cattle and goats. There are four types of grass adapted from Ishull Stilo, Papua New Guinea and Guatemala in an area of 12 hectares that can provide 93.2 tons of fresh grass.

- **Promotion of farmer groups and collective farming:** Assessment on producer groups and production clusters have been completed for 3,640 groups, of which there are 1,864 crop plantation groups and 1,776 animal husbandry groups. There are nine collective farms established to facilitate these groups and to integrate them into the farming network of ASEAN and potential partners worldwide in the future.

### 3.4.1.2 Industry and Commerce

#### Processing Industries

It can be seen that, between 2011 and 2015, overall, processing industries have made significant achievements, not only in development of value added but also in the rapid growth of job creation. The gross production value of processing industries in the period 2011–2015 was 25,159 billion kip, with an average annual growth rate of 13 percent. Key processing industries include food processing, covering 21 percent of total processing production value, followed by spare parts (18 percent), mineral products (16 percent) and beverages (15.5 percent), and account for 90 percent of supply in the domestic market.

#### Development of Processing Industry Infrastructure

At present, the total land identification and allocation for industrial zones nationwide has been 18,927 ha, of which 13,790 ha is owned by the State and 5,137 is in private ownership. These areas are provided to serve existing factories that would otherwise be relocated and for newly established factories to be located in the allocated industrial zones. The highlight was that, in FY 2012–2013, there were 206 factories operating within these zones.

In Vientiane Capital City, the construction of the zones and industrial park has been completed in two areas: i) Vientiane Non Thong Industrial and Trade Area or (VITA Park), located on Km 22 at Non Thong village, Saysetha district, Vientiane Capital, with a total land area of 110 ha; at present, over 60 percent of the zone has been developed, with 28 companies registered with total investment value of more than US\$ 40.61 million; and ii) the Km 21 Vientiane Capital Industrial Park, where an area of 2,000 ha has been identified, 54 ha of which are owned by the State; currently, the development of this industrial park is in Phase I which has a total area of 140 ha; in FY 2011–2012, there were 31 factories established in the area.

#### Growth in Processing Industry Production

The most outstanding sectors are food and beverage processing, construction materials (cement, tiles, steelbars, roof tiles, paint and other materials), garments, cigarettes and shoes, among others. At present, the production of alcohol/beer meets 100 percent of the total demand while soft drink, cement and steel bar production can supply only up to 89 percent, 65 percent and 25 percent respectively. New processing industries that have emerged are: silk thread and textiles; animal feed; meat processing; the Friendship sugar factory in Savannakhet province; Savannakhet Sugar Factory; 26 rubber latex processing plants, 11 of which are medium and 15 are small scale; 'Dao Heuang' coffee processing; 'Sinouk' instant coffee processing; benz oil processing; pine resin processing; and potassium processing.

At present, there are 15 processing factories with investment value of more than 50 billion kip, including maize drying and jatropha extraction factory, Beer Lao Ltd, Lao Asia-Pacific Brewery Ltd, Lao Indochina Tropicana, cassava processing factory in Sayabouly province, factory potatoes TTL in Bolikhamxay

province, Dak Tak Rubber Factory and Lao-Vietnam Rubber Factory, Dao Heuang Coffee, sugar and cement factories.

### Handicraft

Total handicraft production value is about 2,850 billion kip, with a growth rate of 15 percent per annum. Handicrafts produced by Lao ethnic people with local characteristics have improved patterns as well as skills for selling domestically and internationally. Lao handicrafts have received many awards from many regional competitions. There are currently investments in handicraft production, establishment of business units, grouping, and support to remote areas for handicraft production. Domestic and international private investment in the handicraft sector consists of 4,237 handicraft factories. Main export markets for handicrafts are Japan, the EU and the US.

## Trade and Integration

### Domestic Trade

The total value of goods circulation is estimated at 146,148 billion kip, with a growth rate of 13 percent per annum (the Five-Year Plan set the target at 12 percent per annum). Upto FY 2014–2015, there are 733 wholesale and retail markets, an increase of 200 compared with FY 2010–2011. Of these, 53 are large sized markets, 115 are of medium size, 378 are small and 187 are market fair venues. Overall, markets in big cities have been expanded, which facilitates exchange, buying, selling and traffic of goods and distribution to rural and remote areas. There is close monitoring and management of the price structure of goods that are strategic and sensitive for people's production and livelihood.

### International Trade

**Export:** The gross value of exports from 2011 to 2015 is estimated to reach US\$ 14,229.23 million, with annual growth rate of 12.56 percent (the Five-Year Plan target is 18 percent per annum). The main export products include minerals and mining products (accounting for 47.4 percent of total exports), textiles and products from processing industries (tobacco, sugar, cassava flour, instant coffee, etc) (24.2 percent), hydropower (4.8 percent), agricultural goods (maize, coffee, peanuts, cassava, rice, etc) (8.2 percent), timber and wood products (3.8 percent) and others (1.6 percent).

The market structure of exports from Lao PDR consisted of these segments: Thailand, 46.1 percent of total exports; China, 13.8 percent; Australia, 13.3 percent; Vietnam, 12.0 percent; The Netherlands, 2.2 percent; Germany, 2 percent; Japan, 1.7 percent; and others, 8.9 percent.

**Import:** The gross value of imports is estimated to reach US\$ 17,629.67 million, with an annual growth rate at 18.01 percent (the Five-Year Plan target is 12 percent per annum). The main import commodities consisted of: construction materials at 19.7 percent; vehicles and spare parts, 17.5 percent; petrol and gas, 16.6 percent; industrial inputs, 12.4 percent; electrical appliances, 11.2 percent; house supplies, 5.8 percent; and others, 22.6 percent. The market structure of imports consisted of these segments: 60.2 percent of import is from Thailand, 16.8 percent from China, 10.8 percent from Vietnam, 2.6 percent from Japan, 1.9 percent from South Korea and 7.7 percent from other countries.

**Trade Balance:** The trade deficit is expected to be US\$3,400.45 million, equivalent to 23.89 percent of the total export value. The deficit was caused by large imports of domestic and foreign direct investment-supporting equipment, as well as imports of oil, vehicles, construction materials, agriculture tools, etc. Additionally, consumption goods are also in high demand while the economy is growing under the blossoming market economy and gradual economic–trade integration, both regionally and internationally.

### 3.4.1.3 Energy and Mining

In the course of five years' implementation of the 7<sup>th</sup> NSEDP, the global economic crisis has influenced the development of electrification and mining. Many large-scale electricity development projects have either stopped or been postponed. The mining operations have also experienced the low prices of minerals in some years. However, with support from various stakeholders, many targets have been achieved, while there are still some areas that need further efforts.

#### Electricity

Total production of electricity during the period of the 7<sup>th</sup> NSEDP (2011–2015) is 67,270.25 kWh with a total value of 27,298.28 billion kip, which increased 14.09 percent per annum. At present, throughout the country, there are 38 projects under operation with production capacity of at least 1 MW. The total installation capacity of these projects is 6,258.95 MW, with production capacity of 33,324.6 million kWh per annum. Of these, the Government (via EDL) owns 13 hydropower dams with installation capacity of 681.5 MW, and 25 dams with installation capacity of 5,577.45 MW belong to independent power producers. Twenty-six projects (4,328.45 MW) were completed within the period with production capacity of 23,342.70 million kWh, including Nam Nyon (3MW) completed in 2011, Namtha3 (1.25 MW) in 2011 (EDL), Nam Pao (1.7 MW) in 2011 (IPP), Nam Xong Expansion (6 MW) in 2012 (EDL), Nam Ngeum2 (615 MW) in 2012 (IPP), Nam Ngeum5 (120 MW) in 2012 (IPP), Theun Hinboun Expansion (220 MW) in 2012 (IPP), Nam Ngouang8 (60 MW) in 2012 (IPP), That Salene (3.2 MW) in 2012 (IPP), Xe Kaman3 (250 MW) in 2013 (IPP) (still with some technical work being improved), Nam Long (5.5 MW) in 2013 (IPP), sugarcane bioenergy in Attapeu province (30 MW) in 2013 (IPP), sugarcane bioenergy in Savannakhet (5 MW) in 2013 (IPP), Xe Namnoi1 (14.8 MW) in 2014 (IPP), Nam Sene (5 MW) in 2014 (IPP), Nam Sana (14 MW) in 2015 (EDL), Nam Ngyap3A (44 MW) in 2015 (IPP), Huay Lamphanh Yai (88 MW) in 2015 (EDL), Hongsa Lignite (1.878 MW) in 2015, Nam Ngyap2 (180 MW) in 2015 (IPP), Nam San3B (45 MW) in 2015 (IPP), Nam San3A (69 MW) in 2015 (IPP), Nam Ou2 (120 MW) in 2015 (IPP), Nam Ou5 (240 MW) in 2015 (IPP), Nam Ou6 (180 MW) in 2015 (IPP), and Nam Karn2 (130 MW) in 2015 (EDL).

At present, the Government has signed 369 project contracts that are under construction (excluding those already operating). Of these, 31 projects have concession agreements with a total installment capacity of 3,972.6MW; 22 are in the process of preparation for construction (i.e. in the process of CA negotiation and have begun the field work); 55 projects are expected to begin construction before 2020 with a total installment capacity of 4,130 MW; 27 have completed a feasibility study with a total installment capacity of 3,351 MW; and 234 projects are in the process of conducting a feasibility study.

Projects under construction include Nam Kong 2 (66MW, 98 percent completed), Xe Set 3 (23MW, 83.59 percent completed), Nam Karn3 (60MW, 94.38 percent completed), Nam Bang (34MW, 98 percent completed), Nam Sim (8MW, 60 percent completed), Nam Hinboun (30MW, 67 percent completed), Xe Kaman1 (290MW, 97 percent completed), Nam Jae (104MW, 707.69 percent completed), Nam Mung (64MW, 81 percent completed), Nam Leek 1 (64MW, 34 percent completed), Nam Ngeum 1 Expansion

(80MW, 31.79 percent completed), Nam Phai (86MW, 72 percent completed), Nam Kong 3 (45MW, 64 percent completed), Sayabouly Dam (1,285MW, 60 percent completed), Xe Kamar-Sarn Xai (32MW, 30 percent completed), Nam Tha1 (168MW, 21 percent completed), Xe Pian-Xe Namnoi (410 MW, 36 percent completed), Nam Nyap 1 (272MW, 28 percent completed), Nam Pern (32MW, 70 percent completed), Nam Ngyap 1 (downstream) (18MW, 32 percent completed), Xe Namnoi 6 (5MW, 98 percent completed), Nam Pern 2 (12MW, 50 percent completed), and Nam Hao (15MW, 14 percent completed).

### Development of Off-Grid Electrification

**Solar power:** Lao PDR has capacity in developing solar power. It is estimated that, on average, annual sunlight is at the level of 5.0kwh/m<sup>2</sup>/day. At present, this kind of energy has been expanded and installed in the rural areas for more than 18,657 households or equivalent to 1.64 percent of total households, covering 430 villages in total. A solar energy installation was completed, which links to the on-grid electricity network at the parking area of Wattay International Airport, with capacity of 236 kW. The study and design of another solar energy installation at the EDL headquarters building with capacity of 150 kW has been completed. This is expected to be operational in 2015.

**Bioenergy:** The construction of a sugarcane bioenergy station in Savannakhet was completed in 2011 with installation capacity of 3 MW and it will increase installation capacity to 8 MW up to 2015. The construction of a bioenergy and ethanol production factory in Attapeu province has been completed at the beginning of 2013 with installation capacity of 30 MW. In addition, the construction of a station to produce bioenergy from waste of 5 MW and a bioenergy station of 50 MW is ongoing in Sayabouly province (supported by the Government of Finland).

**Biogas:** There are pilot projects under way: on biodiesel production from palm oil, in collaboration with Akotech, which is in the construction process and expected to produce 20,000 litres per day; and on biodiesel extracted from vernicia seeds ('mark kao'), jointly with Lao Vernicia Seed Extracted Bio-Diesel Import-Export, which is in the process of construction of an extracting factory that is expected to yield 6,000 kg a day and a processing factory that is expected to yield 1,000 litres per day. In addition, with UNDP cooperation, there is a feasibility study being conducted to develop cassava-extracted benzene in Vientiane Capital and Savannakhet province.

### Transmission Lines and Power Stations

**Transmission lines:** The development of transmission lines has increasingly expanded. At present, the total length of transmission lines is 52,377.56 km nationwide, which consists of three types of voltage transmission lines: high-voltage transmission lines with a total length of 6,855.32 km, of which 227km of 500kV is for connection to the neighbouring countries, 1,371.4km of 230kV is for connection to the neighbouring countries and the national transmission system, and 5,257.18km of 115kV is for connection with the medium voltage transmission system; medium voltage transmission lines (35kV, 34kV and 22kV with a total length of 27,397.5km); and low voltage transmission lines of 0.4kV (18,124.99km) for rural electrification. This is the condition or enabling factor to achieve the MDGs and to reduce the poverty of multi-ethnic people, providing important infrastructure for commercial production. Presently, 90.51 percent of households have electricity, exceeding the Five-Year Plan target of 80 percent.

Nevertheless, the development and supply of electricity is still insufficient. The transmission lines for high and medium voltage are not yet connected throughout all regions. Some regions still import electricity from foreign countries such as: Thailand, Vietnam and China. The connection of transmission systems needs to continue to targeted markets in neighbouring countries, especially with Thailand, Vietnam, China and Cambodia.

**Power stations:** At present, there are 53 power stations, with installed capacity of 2,295.5 MVA (3 stations with 230 kV, 115 kV and 22kV; 47 stations with 115 kV and 22 kV; 2 stations with 35 kV and 22kV; and 1 station with 22/0.4kV).

- North: There are 9 stations that supply electricity to connect Namor Station in Lar district (Oudomxay province) with China and import 401 MVA from Thailand.
- Central: Divided into Central Part 1 and 2. In Central Part 1, electricity is supplied to Vientiane Capital and some areas in the north from Nam Ngeum 1, Nam Ngeum 5, Nam Leek ½ and Nam Mung 3, comprising a total of 24 power stations with installed capacity of 1,239.5 MVA. In Central Part 2, electricity is supplied to Bolikhamsay, Khammouane and Savannakhet from Nam Nguang and Nam Theun 2. Apart from this, Central Part 1 has transferred electricity through a single transmission system from Pakxan to Beung Karn (Thailand) and from Thakhek to Nakon Panom (Thailand) with a double transmission system from the supply of 9 power stations with installed capacity of 282 MVA.
- South: Electricity is distributed to Salavan, Champasack, Sekong and Attapeu from Xe Set 1, Xe Set 2 and Xe Labam. The electricity in this region is also connected to the transmission system in Bangyor Station (Champasack) and Sirinthorn Dam (Thailand). In addition, the network of this region is also connected with Central Part 2. There are 9 power stations in this region with installed capacity of 373 MVA.

## Mining

During the five-year period 2011–2015, the total production value in the mining sector has been 66,746.83 billion kip, with an average annual growth rate of 6.97 percent, which exceeds the Five-Year Plan target by 184.18 percent. The production of copper plate was 427,329 tons, gold mixed with silver was 85.94 tons, lignite was 1.60 million tons, anthracite was 876,704 tons, copper dust was 1.53 million tons, gypsum was 3.93 million tons, and the production of other minerals has also been on an increasing trend. Gross mineral export value is higher than US\$8 billion, covering 60 percent of the total exports of the country. To date, 74 domestic and foreign companies have been given exploration contracts, 25 of which are at the stage of preparation for exploration and construction of a processing factory, and 49 of which have been extracting, processing and exporting. Most of these are small and medium-sized businesses. For large-scale projects, such as Lane Xang Minerals Ltd and Phu Bia Mining Ltd, projects have a production value of over US\$ 500 million per year. Important mines for new exploration during the period include kali salt in Thong Mang, Vientiane province, and potassium salt in Khammouane province.

### 3.4.1.4 Public Works and Transportation

The public works and transport sector has focused efforts on infrastructure development to facilitate socio-economic development and regional and international integration. Details related to each target are given below.

## Development of Construction and Land Transportation

**Road development:** Development of road construction has made significant achievements – more than other aspects, as evidenced by an increase in road networks from 39,584.50 km in 2010 to 51,597.03 km in 2014. Paved roads have increased from 5,426.67 km in 2010 to 8,272 km in 2014. The national roads have been upgraded to be ASEAN Roads that link domestic roads with neighbouring countries along the regional economic corridors, such as the improved 2,200km of the road along the North-South Economic Corridor (the Five-Year Plan target is 920km), and 1,280km along the East-West Economic Corridor. The construction of district main roads, rural roads connecting to focal areas and development Kum Ban (that could at least be accessible during one season) has met 81 percent of the Five-Year Plan target of 100 percent.

The many projects that have been completed include: the construction of Road 2W from Nguen to Pak Beng district; the 3rd Mekong bridge from Khammouane to Nakon Panom; the 4th Mekong bridge from Huay Xai to Xiengkong; the Lao–Myanmar Friendship Bridge in Luangnamtha; ADB 10; Road 6A to connect Sop Bao with Ban Dan; the R3 road rehabilitation project; Xe Kaman bridge on Road 16B (Dak Chueng district); Road 2E (Khua district to Taichang), the road from Nam Kueng to Ban Mom village (Bokeo province); Road 1D (Ministry of National Defence); and Road 1B (Paknamnoy to Nhor village). The projects that are ongoing and expected to be completed within this 7<sup>th</sup> Five-Year Plan cycle include: construction of Northern Road No. 13 (Nateuy to Pak Mong, Oudomxay province), which is now 99 percent completed; construction of the Mekong bridge between Nasak and Kokkaodor, 85 percent completed; Xe Kaman 2 bridge, with 80.81 percent implementation rate; Road No. 16B (Sekong province, Dak Chueng district), 75.60 percent completed; Road No. 16A from Pak Xong to Km 52 in Attapeu province with an implementation rate of 58 percent; and other projects.

Road maintenance and repairs are the priorities. The implementation of a fund for maintenance of roads is very effective as it can secure good communications and transportation along the national roads, by increasing the role of local government following the 3-builds directive in repairing the national roads. With collaboration from the local authorities, impacts from the natural disaster were resolved in a timely manner, and defined the response measures for potential disasters that may occur in the future.

**Cargo and passenger transportation services:** These services have been improving. In 2011, the volume of cargo transportation was 3.82 million tons, an increase of 8.4 percent over 2014, which was 4.78 million tons. Improvement of passenger transportation has been rather impressive. In 2011, the total number of passengers was 37.61 million; in 2014, there were 48.96 million passengers, an increase of about 10 percent per year, which is in line with the Five-Year Plan target. Goods transportation was 22,588 thousand tons or 1,847,923 thousand km/tons, which reached 82 percent of the Five-Year Plan target.

## Development of Construction and River Transportation

The implementation of the river bank protection projects was completed over a length of 85.42 km. This total includes completion of 26.73 km of river bank protection from the Mekong to Heuang River. There are still many river bank protection projects that were expected to be completed by 2015, including: in Vientiane Capital; in Ton Pheung district, which is 97.4 percent completed; between Phonsy village and Thanalang in Hatsaifong district, Vientiane Capital, which is 59 percent completed; between Tinsoy and Somseun in Thanalang, Vientiane Capital, which is 84 percent completed; in Pak San Tai-Pak San Nua

village, Pak San district, which is 50 percent completed; in Don village to Nalouang Tha Saad to Sok, Pakkading district, which is 80 percent completed; and in Thakanthin village, Thaphabad district, which is 60.45 percent completed.

Cargo transportation via river increased from 1,088 thousand tons in 2010 to 1,668 thousand tons in 2014, an average annual increase of 24 percent. Passenger transportation via river increased from 2,053 thousand persons in 2010 to 2,868 thousand persons in 2014, an average annual increase of 13 percent. A joint venture was established between Laos and Vietnam to manage Vung Anh Harbour and has been operating since 2012; transit cargo via Laos increased from 126,000 tons in 2010 to 2,447,962 tons in 2014.

### **Development of Construction and Air Transportation**

The air transportation service system has seen significant improvement and has a tendency for high growth, especially due to big airport expansion, new airport construction and improvement of existing airports to cater to Boeing 747-type aircraft and 400 passengers per hour, which can already be catered for at Wattay International airport. Luangprabang airport has been expanded to cater to Boeing 747-type aircraft, and Attapue and Luangnamtha, Pakse, Xiengkhouang, Samneua, Oudomxay, Huay Xai and Sayabouly airports have been upgraded. The construction of Nong Khang airport in Houaphanh province has been started as have airports at Seno in Savannakhet, Ton Pheung in Bokeo and Thong Haihin in Xiengkhouang.

The air transportation service has been improved, as evidenced in an increase in domestic and international flights. In 2014, there were 11,559 domestic flights, a decrease of 0.89 percent compared with 2010, while there were 15,620 international flights, an increase of 21.47 percent compared with 2010; and there were 186,000 overflights, an increase of 94.91 percent compared with 2010. Lao Airline Company has purchased six new aircraft (four Airbus 320s and two ATRs). A new private airline, Phongsavanh Airline, has opened and there are now eight airlines operating internationally. In 2014, there were 1,367,238 passenger flights, an increase by 42.13 percent compared with 2010. This improvement also applies to cargo transportation, which was 1,908 tons in 2014, and increase of 31 percent compared with 2010.

### **Construction and Development of Railways**

The Lao–Thai railway project Phase 2 from Thanaleng to Ban Khamsavath village is at the construction bidding stage. The Lao–China railway project has completed the feasibility study and has submitted it to the Government for consideration of funding sources for implementation. The feasibility study of the 217 km Savannakhet to Lao Bao (Lao–Vietnam border) railway has been completed. In addition, other completed tasks include the surveying, marking of roads and railway station areas, and monitoring and review of the management and protection of preserved areas, along the road and railway from Vientiane Capital to Bolikhamxay province to Khammouane and Savannakhet, with a total length of 440 km.

The volume of domestic and international passengers was approximately 30,860 persons in 2014, an increase of 1.85 percent compared with 2010. The volume of cargo transportation was 108,010 thousand tons, an increase of 1.8 percent compared with 2010.

## Development of Urban Planning and Water Supply

**Building and housing:** There was a series of activities, such as construction inspection of national projects, in particular the Km 16 SEA Games Stadium, Kean Thao international checkpoint in Sayabouly province, Pukeu international checkpoint in Attapeu province, Nong Nok Kien international checkpoint in Champasak province, the Presidential Office construction and extension (Golden Hall), and construction of premises for the State Audit Organization, among others.

**Urban planning:** Urban planning is necessary to ensure an orderly, beautiful and clean city development. At present, of a total of 148 districts nationwide, 146 districts had urban planning, which is an increase of 21 over the 125 districts in 2010 (two additional districts are being proposed for approval – Home and Long Chang). At the same time, the Government has encouraged and promoted the preservation and development of unique national architecture. Besides that, the outstanding achievement was also the clearance of sheds and street restaurants in Vientiane Capital that do not meet quality standards and do not have permission to run the businesses.

**Town development:** The strategic plan of town development until 2030 has been completed and was presented to the Government in September 2012. The small town development project funded by the Asian Development Bank (ADB) has been completed and handed over by ADB, with a total value of US\$ 18.5 million in 12 districts: Samneua, Paek, Paksan, Vangvieng, Phongsaly, Namtha, Say, Huaysay, Sayabouly, Saravane, Lamam and Samakkisay.

**Water supply:** Water supply in urban areas is expected to reach 68 percent of the total population living in cities throughout the country by 2015, given that there are many ongoing projects, some of which have made significant progress while others have already made significant achievements. Examples include: urban development along the Greater Mekong Sub-region (GMS) Corridor (loan and ODA negotiation completed); completion of the financial contract for Pakse environment improvement project; completion of the water supply and sanitation project in the North and Central Regions; completion of participatory water supply and sanitation (UN-HABITAT) Phases 1 and 2; and water supply and sanitation in small towns and 1st district group has been progressing well at over 56.20 percent; and the Dongmakkhai water supply project has also begun implementation.

### 3.4.1.5 Post, Telecommunications and Communication

The postal network has been extended to 128 districts, covering 88 percent of all districts. Total mail volume is 2.26 million kg and parcel volume is 2.18 million kg. Modern technologies have been applied in the postal service, such as application of a 5-digit post code and automatic postal service, which is currently being tested in Vientiane Capital Post Office. Telecommunications services have replaced the 7 digit- with an 8 digit phone number. Services have been expanded with an optic fibre system of 20,391 km (representing 118 percent of the Five-Year Plan target of 17,192 km), and now comprise a total of 60,813 km, covering all 18 provinces and 148 districts and extending services to 90 percent of all villages nationwide. The number of subscribed telephone numbers has reached 5.2 million, covering 80.8 percent of the total population, which exceeds by 0.8 percent the Five-Year plan target of 80 percent. Of these, 920,000 are fixed line numbers and 4.3 million are mobile phone numbers. The National Internet Centre was improved with data storage and internet service to become a single-portal service for domestic and international communications. The internet network system has been connected with overseas systems,

as seen in the leasing contract with Japan's NTT to connect the internet signal by undersea cable for direct international connection. Furthermore, to ensure alternatives, there are connections with VDC Ltd, Viettel of Vietnam and CAT of Thailand.

The translation from English into Lao language of the CLDR (Common Locale Data Repository) Survey Tool has been completed, with 6000 words or phrases with Unicode scripts to be used with various computer and mobile phone systems. Compilation of 3,814 phrases and more than 60,000 words for an English–Lao–English dictionary has been completed and sent to Google Ltd in accordance with the Lao language development and promotion plan.

The design of a keyboard in Lao language for various types of mobile phones, including smart phones and keyboard phones such BlackBerry and Nokia, has been completed with 19 modes.

The English–Lao–English dictionary programme has been completed as well as the programme to change font to online Phetsalat for 60,000 words, to enable the system to operate in Windows Server 2008, 64 bit and 32 bit.

### **3.4.1.6 Public Finance, Banking and Capital Market**

#### **Finance**

In coping with a challenging regional and international economic environment, the Government actively implemented financial policies, especially on revenue collection, which has continuously increased, exceeding the target and meeting the Government's expenditure demand at a fairly good level. Budget expenditure can be controlled in accordance with the budget plan approved by the National Assembly. A budget deficit during the five-year period is below 5 percent, still within the range set (3–5 percent of GDP). Debt servicing, particularly of external debt, was carried out by the Government in a timely manner and in line with contractual terms, resulting in the improved trust of investors in the Government's financial status. Significant effort has been put into domestic debt servicing, which was carried out in the form of discount and bond issuance, of which 5,379 billion kip was in the form of a discount, with a 1,471 billion kip reduction; 3,872 billion kip was in the form of two- and three-year bonds. These have contributed significantly to the reduction of the Government's debt and also the creation of a smooth environment for business enterprises.

#### **Banking**

The Bank of Lao PDR continues to use exchange rate as the main tool to maintain the stability of the national currency, adopting exchange policy that is based on a State-managed market mechanism. This determines exchange rate reference of the kip to US dollar daily, to provide the reference for commercial banks in determining the exchange rates within the defined area of  $\pm 0.25$  percent. The foreign currency market was adjusted when necessary to ensure sufficient supply of foreign currencies to meet the demand. In addition, the annual interest rate reduced from 5 percent to 4.5 percent, determined by the Bank of Lao PDR to manage the interest rate of commercial banks. The quality of credits has been controlled to ensure that NPL is less than 3 percent. The Bank of Lao PDR has also reduced and suspended its credits to infrastructure construction projects and long-term projects with late income yielding. There has been increased dissemination of foreign currency management policy and promotion of the use of kip through various means, as well as developing and improving various rules and regulations such as: issuing rules and regulations on request for transferring money outside the country by commercial banks; improving rules and regulations governing foreign exchange agents; promoting the use of kips by

increasing the monitoring of transactions of enterprises and private foreign exchange agents; ensuring that price tags of goods and services and domestic settlements are in kip; improving the quality and components of the bank note, and introducing new 2,000 and 100,000 kip notes into circulation in 2012; and promoting transaction settlement through the banking system.

### **3.4.1.7 Development of Special and Specific Economic Zones (SEZs)**

The government has created specific and special legislations as a foundation to develop SEZs, promote investment, and a favorable environment. At present, there are 13 SEZs in Lao PDR, four of which are SEZs and nine of which are specific economic zones. Of the total 13 established SEZs, seven have been upgraded from general concession investments, which the Government has already improved to SEZs. There are only six SEZs that have been newly established: Phoukhyo, Thakhek, Beung That Luang, Champasack, Luang Prabang and Dongphosy 2.

It can be seen that, during the past five-year period and throughout their implementation, the development and the management of the SEZs have substantially progressed, as demonstrated by the increase in investments in these areas. The investment contract value in the zones is US\$5 billion and actual investment amounted to US\$1.27 billion, including US\$16,318,350 of Government investment, US\$1,005,210,813 of developers' investment and US\$250,564,515 million from small sub-investors. At present, there are 249 companies that have invested in these zones, including: 180 foreign companies, 48 domestic companies and 21 joint venture domestic and foreign companies. These companies have invested in the service sector (49.37 percent), commercial sector (34.6 percent) and industrial sector (16.03 percent). This resulted in the creation of 15,287 jobs, of which 6,769 went to local workers. The zones have exported goods to a total value of US\$42,855,955 and imported goods to a total value of US\$196,465,557. These zones have been capable of remittance of US\$12,237,296, including: land concession of US\$3.32 million; salary tax of US\$1.13 million; profit tax of US\$48,006; value added tax (VAT) of US\$ 898,659; fees and services of US\$7,677; and the Government's share of dividends of US\$300,000. The details of each zone are as follows.

#### **Savan-Seno Special Economic Zone**

The Zone has invested US\$68.13 million in basic infrastructure, of which the Government invested US\$4.15 million, developers invested US\$11.17 million and small investors contributed US\$52.81 million. The Zone attracted domestic and foreign investment from 66 companies (21 domestic, 36 foreign and 9 joint venture), an increase of 58 companies compared with five years ago (FY 2010–2011). Leading foreign companies to invest in the Zone include Nikon, Toyota, Urai Paint Lao (producing paints for domestic sale and export) and Aero-Works (producing airplane parts). These companies invested in the industrial sector (29 percent of total investment), trade sector (11 percent) and service sector (60 percent). This created 3,215 jobs, of which 3,110 went to local labour and 105 to foreign labour. This labour remitted a salary tax of US\$952,111, VAT of US\$253,634, profit tax US\$47,162 and various fees totalling US\$35,148. The Zone produced exports with a total value of US\$14.55 million and imports with a total value of US\$45.05 million.

#### **Golden Triangle Special Economic Zone (SEZ-GT)**

Development of the SEZ-GT began in 2007 in Bokeo province with a total investment capital of US\$1 billion for an area of 3,000 ha, the objective being aimed at developing tourism, commerce and services.

Over the past five years, US\$658.29 million has been invested in the area (US\$1.06 million from the Government accounts and US\$657.23 million from developers). Some achievements include: completion of the Nam Keung to Ban Mone road (46 km); construction of 6.4 kms of river bank protection; the resettlement and construction of the new village of Ban Khuane; the construction of a Chinese Cultural Quarter; expansion of the river port for waterway transportation of commercial goods; and land compensation for people affected by the Golden Triangle International Airport Construction Project. The Zone has created participatory projects by organizing tricycle and tuktuk service groups, board service groups and groups cultivating organic vegetables. The Zone attracts investments from 59 domestic and foreign companies (an increase on 52, five years ago). Investments were made in the industry sector (3.57 percent), commerce sector (46.43 percent) and service sector (50 percent). There are 235 small entrepreneurs in the commerce and service sectors, creating 7,674 jobs for 338 local workers and 7,336 foreign workers (foreign skilled labour is being employed to construct basic infrastructure). These workers remit a salary tax of US\$53,311 and VAT of US\$588,303. Revenue from the Zone is US\$6,941,614, of which the government dividend was US\$6,300,000, and the Zone has imported US\$3.03 million worth of goods.

### **Boten Beautiful Land Specific Economic Zone**

The Zone has re-oriented new developments by mainly concentrating on tourism, duty free areas, temporary goods storage, etc. Previously, actual investment was carried out in the construction of basic infrastructure to the amount of US\$47.18 million. Among these projects, developers invested in the construction of office and residential buildings; constructed free-duty shops in an area of 13,000 m<sup>2</sup> (which is 60 percent complete); constructed and opened a gas station; and constructed a 23.5 ha reservoir complex (with three reservoirs). Research has also been conducted to build an area of economic cooperation along the border of Boten Lao PDR and Borhan in the People's Republic of China in order to promote the potential of Luang Namtha and Yunnan provinces. Presently, the Zone is capable of attracting foreign investment from 22 companies into the industrial (66.67 percent), service (26.67 percent) and commercial (6.67 percent) sectors. The Zone has created 475 jobs, which brought in a revenue from salary tax of US\$12,346.

### **Vientiane Industrial and Trade Area, Non Thong (VITA Park)**

The establishment of VITA Park began in 2009. It is a collaborative project between the Ministry of Industry and Commerce of the Government of Lao PDR and the Nam Way Development Co. Ltd (Chinese Taipei). The Government of Lao owns 30 percent of the capital through land shares (110 ha), while the Nam Way Development Co. Ltd holds the remaining 70 percent through an investment of US\$43 million. The main objective of development is to transform the Zone into an industrial and commercial area. At present, approximately 60 percent of the development has been completed; displaced persons have received land compensation and a natural sewerage ditch and surrounding fence have been constructed. Until now, actual investment has totalled US\$91.62 million, of which the developers have invested US\$13.26 million and small investors have contributed US\$78.36 million. The Zone has attracted both domestic and foreign investment from 33 companies: 3 domestic companies, 29 foreign companies and 1 joint local-international venture. Investment in the industrial sector accounted for 46.43 percent, in the trade sector 28.57 percent, and in the service sector, 25 percent of total investment. VITA Park has created 1,173 jobs, 1,116 of which are filled by local workers, generating employment tax from domestic and foreign

labour, of US\$561,690 and salary tax of US\$191,367. The Zone has exported goods to a total value of US\$25.98 million and imported goods costing US\$47 million. The Zone has remitted the Government share dividend of US\$542,774.

### **Phoukhyo Specific Economic Zone**

The Zone has been actively developed and total investment amounted to US\$16.02 million. Developers invested US\$11.02 million and sub-investors invested US\$5 million. The Zone has attracted domestic and foreign investments from 16 companies (4 local, 7 foreign and 5 domestic–foreign joint venture companies) and created 72 jobs (60 local workers and 12 foreign labourers). It continued to collaborate with the People’s Republic of China’s Institute of Urban Planning to amend the model of urban planning. The Zone has paid 3.6 billion kip in land compensation, constructed a road (2.4 billion kip) and launched the construction of the Zone’s periphery roads.

### **Saysetha Development Specific Economic Zone**

The Zone has concentrated on constructing basic infrastructure. Construction of the zone access road and offices has been completed and 34 billion kip in land compensation has been paid. The Zone has attracted US\$83.25 million in investments, including US\$9.94 million of government investment, US\$36.94 million from developers and US\$36.37 million from sub-investors. It attracted investment from nine companies (two domestic, five foreign and two domestic–foreign joint venture). It has also created 214 jobs, of which 82 went to local workers. The Zone has met its obligations by remitting tax of US\$85,970, salary tax of US\$26,897 and VAT of US\$56,092, and organized to collect various fees and taxes totalling US\$12,981. The Zone has imported goods worth US\$65.80 million.

### **Thatluang Lake Specific Economic Zone**

Development of the Zone began in 2011 in Vientiane Capital. The Zone covers an area of 365 ha and has an objective to accelerate development of industry, commerce and services. In the past five years, the Zone has focused on directing into development capital amounting to US\$134.27 million, of which the developers have put investment funds of US\$76.85 million and the capital from sub-investors was approximately US\$57.42 million. The Zone could attract investments from two domestic companies and nine foreign companies. The Zone concentrated on land compensation and compensated 375 out of 485 pieces of land at a cost of 74.66 billion kip (US\$9.33 million). The Zone has finished construction of a road linking Road No. T4 to the traffic lights of Phonethanh, a three-way junction entering the Zone. The Zone has surveyed, designed and constructed a road to the periphery of None Wai village; finished digging a pond; completed the construction of office buildings and a staff dormitory; and built an 8,000 m-long ditch surrounding the Zone (in lieu of a fence). It has constructed Road No.2, a 2,400 m-long road surrounding the pond and finished the construction of Roads No. 5, 8 and 9. Construction of twelve 18-storey condominiums has begun, at a cost of US\$174 million. Since April 2015, US\$57.42 million has been spent on the construction, which is 33 percent complete. The work created 639 jobs (215 local labourers and 424 foreign labourers). It has remitted salary taxes amounting to US\$54,868 and fees of US\$6,313 and has imported goods costing US\$7.83 million.

### **Dongphosy Specific Economic Zone**

The Zone has focused US\$10 million into development with investments from developers totalling US\$ 8.11 million and from sub-investors US\$1.89 million. It has compensated 73 families residing in the project area the sum of 7,525 million kip and has paid US\$152,977 for land concession. Access roads No.1, 2 and 3 have been constructed in the amount of 27.63 million kip, for two of four landowners. The Zone has completed poles marking the zone frontiers and reinspected the boundary of the Government's land that has been permitted to UPL Lao Company (an area of 513,583m<sup>2</sup>). In parallel, the filling of holes within the Zone has been 95 percent completed and will soon be finished. The Zone has undergone an environmental assessment and has received a certificate from the Ministry of Natural Resources and Environment. It has finished the amendment of the Zone's master plan and is awaiting directions from higher authorities. The Zone has been publicized and has attracted domestic and foreign investments of US\$571,570, which will create jobs for 46 people, including 30 local workers creating tax remittances of US\$219,823; of this, land tax is US\$205,416 and salary tax US\$14,407 from domestic and foreign labour. The Zone has also collected fees and services amounting to US\$345 and imported goods costing US\$92,955. It has earned just over US\$1.05 million to support and assist society.

### **Long Thang Specific Economic Zone**

The Zone has invested over US\$125.05 million in its own development, which includes a developers' fund of US\$123.90 million and sub-investors' fund of US\$1.15 million. It was able to attract four domestic and foreign investments, one domestic company and three foreign companies and created 588 jobs, of which 545 went to local workers. The Zone paid US\$1,444,948 to the Government, of which US\$1.11 million was in land concession, US\$155,383 was consumption tax and US\$175,564 was salary tax. It has completed the construction of a golf course, which has been opened and is being expanded. Four tennis courts, four badminton courts, a swimming pool and three villas are also being constructed, as well as a car park, guesthouses, a canteen, roads and streets, and electricity and water supply systems. It has also compensated the 275 families who were affected by the project for their land (468 ha), at a cost of US\$1.4 million.

### **Thakhek Specific Economic Zone**

The Zone has also drafted regulations on immigration and other matters. It has compensated land owners for 215 pieces of land amounting to an approximate value of more than 8.14 billion kip, equivalent to 32 percent of the plan. It completed the construction of the Zone management office. Total actual investment was US\$35.26 million, of which the Government invested US\$1.17 million, developers invested US\$18.74 million and sub-developers invested US\$15.35 million. The Zone could attract domestic and foreign investments from 19 companies in total, with investment in the industry (23.53 percent), trade (23.53 percent) and service (52.94 percent) sectors creating 64 jobs, of which 35 went to Lao workers. The Zone has imported goods to the value of US\$2.34 million.

### **Champasack Special Economic Zone (C-SEZ)**

Establishment of this new SEZ was approved in August 2015 and it will have a total area of 995 ha. The concession period is 50 years, with the total investment capital of US\$162.50 million aimed to build it into an industry and service zone. At the preliminary stage, the Zone has been divided into two areas: Pakse-Japan SME Industrial Park (11A) and Champasak Lao-Service Industrial Park (11B). During the past

five years, through actual implementation, C-SEZ has focused on staffing and improving the organizational structure of the Zone's board of directors consistent with the mechanism system for small administrative units in a large society. The Zone has issued business registration certificates to six companies that were previously general investing companies, to be accountable to the Champasack Special Economic Zone Board of Directors. The Zone has concentrated on supporting the developers of each area so they actively implement the concession agreement and the predetermined master plan.

### **Luang Prabang Special Economic Zone (C-SEZ)**

The zone was established in January 2016 on 4,850 ha in Chomphet and Luang Prabang district under a 99 year course of concession. At present, it has signed an agreement of establishment and established a joint venture, Chomphet Joint Development Ltd, in the Zone with total capital of US\$1,200 million and registered capital of US\$400 million. In this joint venture, the Government holds 30 percent and the developer 70 percent of the shares. The Zone is currently in the process of conducting the project survey and design; application of the small administration for large society concept in the administration and management of the Zone; and forming the Zone's board of directors, which should include government officials and project staff.

### **Dongphosy 2 Special Economic Zone (C-SEZ)**

The Zone is located near the 1st Lao–Thai Friendship Bridge in Hatsaifong district, Vientiane Capital, with a total area of 28 ha and total investment value of US\$100 million, in which the Government holds 15 percent of the shares, BM Group 80 percent and Kham Kan Development Company 5 percent. The objective is to develop the Zone as a modern trade and services centre. At present, it is in the process of land compensation; has already established the committee that is responsible for data survey regarding entitlement to land use, construction and farming for the project-affected people; and is in the process of forming the Zone's board of directors.

## **3.4.2 Social Development**

Social development is gradually improving, especially in terms of access to social services such as education and health; ensuring broad and timely access to information and advocacy on the Party–Government policies; and ensuring society is peaceful and safe, and that people are protected and have their rights fulfilled, enabling them to fully contribute to the development of the nation.

### **3.4.2.1 Education and Human Resource Development and Sports**

#### **Education and Human Resources**

The Government has placed significant importance on human resources development and has allocated increased budget to education and sports, which covers 17 percent of the total government expenditures to improve and develop education infrastructure and improve teaching and learning at all levels. The focus has been on achieving the MDGs and developing new curriculum for vocational study to respond to demand by the labour market. Many project implementations have been localized, namely the development of quality education project, accelerated education for all, basic education development, dormitory building for students, school lunch and food supplements project implemented in 30 districts

in six target provinces contributing to increased attendance rate while reducing drop-out rates, expansion and improvement of technical schools in the three southern provinces, information communication technology project to enhance secondary education by establishing pilot schools in each province to link them to ICT. In addition, block grants are provided for school administration to all primary schools nationwide, based on a unit cost of 20,000 kip per student in FY 2011–2012 and increased to 50,000 kip per student in FY 2012–2013. Kindergartens, secondary schools and high schools receive 20,000 Kip per person per year. This has gradually improved Lao education qualitatively and quantitatively, which is evident in the actual implementation of various targets. The target that is expected to be achieved is school enrolment rate by children between 3 and 5 years old, which increased from 22.1 percent in FY 2009–2010 to 43.20 percent in FY 2014–2015, while the target for FY 2014–2015 is 39 percent. The school enrolment rate by children at the age of 5 preparing for primary school has increased from 52.9 percent in FY 2012–2013 to 66 percent in FY 2014–2015, which already exceeded the target of 55 percent; net primary school enrolment rate increased from 92.7 percent in FY 2009–2010 to 98.6 percent in FY 2014–2015, which also exceeded the target for 2015 (98 percent); the literacy rate of the population above 15 years old has increased from 81.7 percent to 93.6 percent, while the target is 87 percent. The enrolment rate of lower and upper secondary school students has achieved beyond the target; the lower secondary enrolment rate achieved 78 percent in FY 2014–2015 (the target is 75 percent) and the upper secondary enrolment rate is 45.7 percent in FY 2014–2015 (the target is 43 percent).

However, there are significant challenges in achieving some targets, including the survival rate of primary school students (i.e. the proportion of students who succeed the final test), which reached 71.4 percent in FY 2012–2013 and 78.3 percent in FY 2014–2015, while the target is to reach 95 percent by 2015. The repetition rate at primary level fell from 15.2 percent in FY 2009–2010 to 6.9 percent in FY 2013–2014. Although investment has been put into building more educational infrastructure, the repetition and drop-out rates continue to increase, in particular at primary school 1 and 2. The ratio between girls and boys in primary school is 0.95, in secondary school is 0.91, in high school is 0.84, and in vocational education is 0.6. Therefore, it can be concluded that the higher the level of education, the wider is the gap to reach gender parity.

To eradicate illiteracy, mobile teaching has been piloted to teach children between 6 and 14 years old outside school in the remote areas in three provinces, Savannakhet, Khammouane and Sekong, under the Education for All programme to enable the children to study. To date, 148 districts in 10 provinces have announced the completion of primary level. However, the main challenge in implementing this task is the lack of teaching materials and teachers, as well as limited budget.

In the area of vocational education, infrastructure for vocational education institutions has been improved in Savannakhet, Sekong and Attapue provinces. In addition, there is also a policy to provide allowances to students from poor families and remote areas. This has contributed to an increased enrolment rate of 42 percent. Less than 7 percent of vocational and higher education students chose vocational education. Only 12 percents choose to study agriculture and the rest study in the area of industry and services. Therefore, this results in a situation where subjects studied do not meet labour market demand as stipulated in the 7<sup>th</sup> Five-Year Plan (2011–2015).

## Sports

The sports area has gradually been more popular and growing. Athletes and trainers have been trained in neighbouring countries before actual competition, leading to stronger athletes with better experience and confidence. An outstanding achievement in the sports area is that Lao PDR has shown capacity in hosting and competing in international sport games, for example, at the 26th SEA Games in Indonesia in 2011, Lao PDR won 58 medals; at the 27<sup>th</sup> SEA Games in 2013, Lao PDR won 13 gold, 17 silver and 49 bronze medals; and the most outstanding achievement is that Lao PDR successfully hosted the 16th ASEAN University Games in 2012. In addition to participating in overseas competitions, Lao PDR has also organized national sports games, such as the 9<sup>th</sup> National Games in 2012 in Luangprabang and the 10<sup>th</sup> National Games in Oudomxay in 2014, with enthusiastic atmosphere and active participation. At present, sport itself has been improving and athletes, trainers and administrators have all been gradually improving and developing their capability. Even though there have been achievements in several targets, there are still risks of not achieving some targets, especially to develop 15 percent of the population aged between 3 and 35 as athletes.

### 3.4.2.2 Health and Nutrition

#### Health Sector Development

There have been considerable achievements in this sector. The health service network has been expanded, especially in remote rural areas. Currently, there are 985 health centres, 859 of which provide birthing services. At district level, there are 135 district hospitals, 19 of which provide caesarean birth surgery. There are 17 provincial hospitals that provide basic treatment services, regular to emergency surgery and caesarean birth surgery cases that have been referred from the district hospitals. Apart from this, some provincial hospitals have been improved in some areas of expertise to upgrade the service quality to the same level as the hospitals at the central level and become the regional hospitals in the future. At the central level, there are five hospitals and three specific healthcare centres. There are 13 private hospitals or healthcare centres that officially operate (eight in Vientiane Capital and five in provinces). The Ministry of Health gives permission to 1,054 private clinics to officially provide health services (360 in Vientiane Capital and 694 in provinces).<sup>6</sup>

Alongside health promotion and disease prevention for people, there has also been establishment of model health villages in accordance with the eight concepts of primary health care. To date, 4,533 have been established as health villages, covering 53 percent of all villages nationwide. Under the Government's 490 villages in 64 focal village clusters, 290 villages have been established as health villages, covering 59.18 percent of these villages. In 109 villages of 52 districts<sup>7</sup> under the 3-builds directive, there are 107 health villages established.<sup>8</sup> The World Health Organization has revised the estimate figures for tuberculosis in Lao PDR. The result shows that the tuberculosis prevalence rate is 514/100,000 population, tuberculosis incidence rate is 204/100,000 population and tuberculosis mortality rate is 11/100,000 population, while the rate of actual identified cases is 62/100,000 population (30 percent).<sup>9</sup> HIV/AIDS and

6 Report on 2014–2015 Plan Implementation dated 12 September 2015, MOH.

7 Report on 2014–2015 Plan Implementation dated 12 September 2015, MOH.

8 Report on Health Village Establishment 2013–2014, Department of Hygiene and Health Promotion.

9 Report on 2013–2014 Plan Implementation on Tuberculosis, Tuberculosis Centre.

STDs have been controlled and there is a total of 165 facilities nationwide that provide consultation (55 provincial-level facilities, 89 district-level facilities and 21 health centres). To date, the HIV prevalence rate in the total population is 0.28 percent (2015 target <1 percent), the prevalence of HIV among women sex workers aged 15–49 is 1.20 percent (2015 target <5 percent) and among men who have sex with men aged 15–49 is 2.44 percent (2015 target <5 percent); in addition, the rate of condom usage in women sex workers is 92.5 percent (2015 target >95 percent) while there has been provision of ARV treatment to 53.42 percent of the adults and children who are living with HIV (2015 target >90 percent).<sup>10</sup> With regard to malaria, there was provision of 256,200 insecticide-treated mosquito nets to the households in the villages under Malaria Risky Zones 2 and 3 (8,500 of which were provided to pregnant women and the remaining 247,700 to regular users). Total malaria prevalence is 12,850 cases nationwide, the malaria incidence rate is 7.97/1,000 population and the mortality rate caused by malaria is 0.29/100,000 population.<sup>11</sup>

The maternal mortality rate now remains at 220 per 100,000 live births, which is assessed by the WHO in conjunction with UNICEF and the World Bank. As these figures show, Lao PDR achieved the 2015 target (260/100,000 live births).<sup>12</sup> Lao PDR can eliminate tetanus in mothers and infants, as verified by the World Health Organization. The birth delivery rate with skilled birth attendants is at 58 percent, while the target for 2015 is 50 percent, exceeded the target. The child mortality rate under the age of 1 declined from 2011 to 2015, from 68 per 1,000 live births to 32 per 1,000 live births (the 2015 target is 45), and the mortality rate of children under 5 also declined, from 79 per 1,000 live births to 72 per 1,000 live births (the 2015 target is 70). In addition, there have been campaigns to raise awareness on the '3-cleans' principles and increase the provision of equipment and clean water to people, leading to an increase in the proportion of the population using clean water, to 84.71 percent in 2014 (the 2015 target is 80 percent); the proportion of the population using latrines is 67.92 percent (the 2015 target is 60 percent).

Despite the aforementioned achievements, some targets are unlikely to be met, particularly the measles immunization rate in 1-year-old children, which has accomplished only 85 percent in 2013 (the target is 90 percent). The contraceptive prevalence rate and four times antenatal care rate was 49 percent and 46 percent in 2014, respectively (the targets are 55 percent and 69 percent, respectively).

## Nutrition

The National Committee for Nutrition was established and efforts have been made in promoting hygiene and disease prevention in order to change people's living style according to the '3-cleans' principles of drinking boiled water, eating cooked food and using latrines. Most importantly is promoting the eating behaviour of children, ensuring all food groups intake. In achieving this, milk and food supplements were provided to children at schools, Vitamin A, deworming medicines, and iron and zinc to children and women of reproductive health age. Nonetheless, there are challenges in achieving several targets set in the Five-Year Plan, such as the prevalence of underweight children under 5, which has made very slow progress, based on the Multiple Social Indicator Survey (MICS) 2011, achieving only 27 percent compared with the target of 22 percent by 2015; the prevalence of stunting (chronic malnutrition) in children under

10 Report on 2013–2014 Plan Implementation on HIV/AIDS and STD Control and Prevention.

11 Report on 2013–2014 Plan Implementation, Centre for Parasitology, Entomology and Malaria Control.

12 However, the figure was 357 per 100,000 live births based on LSIS.

5 is also still lagging behind, reaching 38 percent whereas the 2015 target is 34 percent. Therefore, greater efforts need to be mobilized in order to achieve these targets.

### 3.4.2.3 Labour and Social Welfare

#### Regulatory Framework

There has been an improvement and development in the legal framework to facilitate labour skill development and management of local and international workers, such as: revision of labour laws; improving the minimum wage for workers in business units, production and the service sector from 626,000 kip to 900,000 kip; upgrading the Decree on Disabled Persons and Decree No.343/PM on Implementation of the Policies for Outstanding People in the Mission during the National Revolution and Democracy Protection into the Government's Ordinance No.272/Gov, Draft Decree on Recruitment, Decree on Skill Development Fund, Decree on Labour Assistance, Decree on Disaster Protection and Management Fund, and Decree on Basic Rights and Benefit Protection for People with Disability.

#### Labour

The infrastructure has been improved and developed to serve labour skill development, for example the construction of the southern skill development centre in Champasack and Savannakhet provinces; the improvement of two skill development centres in the north, in Oudomxay and Bokeo; and the construction of a skill development centre in Attapeu province, including the upgrading of the Lao–Korea Vocational Centre to labour skill development. In total, there are 165 centres for training and skill development, 10 of which are run by the MoLSW, 52 are run by other government agencies, 13 by mass organizations and the remaining 90 are managed by the private sector. There has been development of curriculum in car mechanics, and electrical and IT mechanics, to upgrade the workers to become chiefs of labour and supervisors. Textbooks have been published for three professions: construction workers, electronic mechanics and plumbers. Labour standards have been developed for 27 professions in the areas of architecture and car mechanics. This achievement has exceeded the Five-Year Plan target by 35 percent. Public and private skills training centres have been encouraged and mobilized to provide skills training to Lao labourers, which resulted in a total of 248,765 people being trained, of which 114,300 were female. This exceeded by 12.26 percent the Five-Year Plan target of 221,583 people. The composition of the trained labourforce includes 97,953 people (42,515 of them female) from the agriculture sector, 61,405 people (29,113 female) from the industry sector and approximately 89,407 people (42,672 female) from the service sector.

The recruitment centres have extended into some provinces, such as Sayabouly, Oudomxay, Savannakhet, Champassak, Khammouan, Bolikhamxay, Vientiane and Luang Prabang. A Labour Expo was organized in Champasack province and Vientiane Capital to create opportunities for employers (217 units) and labourers (13,208 people) to meet and share information on labour market demand. Employment generation for Lao labourers in domestic posts and for labour export has so far been successful for 277,439 people, 136,773 of whom are female. In terms of sectoral breakdown, employment in agriculture was 67,677 people (30,422 were female), in industry it was 86,711 people (47,004 were female), in domestic manufacturing it was 167,665 people (81,581 were female) and in public service it was 66,340 people. There were 109,774 Lao labour migrants and 173,093 foreign workers in Lao PDR, according to official

figures. Overall, during the past five years, total employment amounted to 343,779 people, exceeding by 24.18 percent the Five-Year Plan target of 276,828). The unemployment rate has been maintained at the target of 2 percent. Great effort has been made to reform the labour force structure to gradually conform to industrialization and modernization. The proportion of the labour force in the agriculture sector decreased from 71.3 percent in 2010 to 65.3 percent in 2015, increased in the industrial sector from 8.3 percent in 2010 to 11.4 percent in 2015, and increased in the service sector from 20.4 percent in 2010 to 23.3 percent in 2015.<sup>13</sup> Employment generation between 2010 and 2015 increased from 3.02 million to 3.75 million, covering 51.92 percent and 55.67 percent of total population, respectively (total population was 5.81 million). Consequently, employment generation increased by 24.26 percent.

**Labour Management:** To implement labour management regulations, the labour sector has monitored 6,582 business, production and service units, exceeding the Five-Year Plan target by 88.05 percent (the target is 3,500 units). The labour sector has also disseminated labour laws in 998 labour units, exceeding the Five-Year Plan target by 66.33 percent (the target is 600 units). In addition, an effort made in managing and protecting the rights of 90,601 Lao workers overseas (48,683 were female), especially Lao workers in neighbouring countries, to conform to the law which has been carried out three times. The First Survey on Labour Force and Child Workers in Lao PDR has been completed, and the National Plan for Prevention and Elimination of Child Labour in Lao PDR 2014–2020 has been developed and effective. The Government's Agreement No.03/Gov on Solution for Foreign Migration for Trade and Wage Workers in Lao PDR has been implemented in collaboration with all sectors at central and local levels. The foreign workers who are employed in retail shops and on contract have also been managed; the total number of registered foreign workers is 61,093 people, of whom 41,589 hold an official work permit.

### Social Welfare and Social Work

The social security system has been gradually improved and increasingly provided various services to the insured people, and their families. Up until now, the coverage of social and health security has been expanded to 2,067,766 people, equivalent to 30.36 percent of the total number of Lao citizens. In terms of social relief, pensions, and support for handicapped and crippled people, the sector has put efforts into launching a campaign to raise assistance from domestic parties as well as foreign countries, in order to relieve the victims of disasters, yielding a received amount of 2.39 billion kip (US\$641,999/5.77 million baht) and other support in kind valued at 2.91 billion kip. It has delivered assistance to the victims of natural catastrophe, displaced people and people who are deprived of opportunities, across the country, in the form of consumables to 205,054 families, costing 49.84 billion kip. It has carried out the policies for people who have performed good deeds in serving the national liberation, in compliance with Decree No.343/PM: in the case of priority objectives, to 11,279 people (senior people), equivalent to 26.04 percent of the Five-Year Plan target (43,314 people), amounting to 269.95 trillion kip; in the case of general objectives, to 3,888 people, amounting to 32.04 trillion kip; has campaigned for the society to contribute the construction of 29 houses costing 1,846 million kip for senior revolutionaries and five houses costing 195 million kip for handicapped staff; and solved the pension as per Decree No. 241/PM for 846 persons.

13 Ministry of Labour and Social Welfare, The Annual Report on Achievements in Labor and Social Welfare Sector FY2013–14 and Directions for FY2014–15 (2015: 3).

## Elderly People

The sector has continued to maintain and improved the national committees' organizations of the elderly and disabled people from the central level down to local areas. This has consequently created favourable conditions for the public and private organizations, the families and the society to assist and care for elderly people, by increasingly contributing materials and mental support for them. Additionally, celebrating international elderly people's day, marching for health, giving opportunities to them to meet each other and exchange views, as well as free health examinations were organized. The aim is to build encouraging conditions for the association of handicapped people to widely conduct activities to protect handicapped people's rights and benefits. There are seven handicap association comprising of 69,161 members, of which 22,051 are females, equivalent to 8 percent of the total number of handicapped people across the country.

### 3.4.2.4 Information, Culture and Tourism

#### Information

The sector has modernized and expanded the mass media system quantitatively and qualitatively in order to provide increasingly detailed information and news to the society on a widespread basis. It has gradually replaced the analog system with a modern digital system, and developed and improved the radio transmitting stations from the central to local levels, by broadcasting to the public for a combined total of 700 hours per day, in the languages of Lao, Hmong, Khamou, French, English, Khmer, Thai, Vietnamese and Chinese, the Party's resolutions and the State's approaches. Presently, there are 63 radio stations, 11 at the central level, 19 in the provinces and 33 in the districts. The land-based transmission stations cover 95 percent of the country's area (the target is 95 percent). The TV media have also developed qualitatively and improved the broadcast content. Currently, there are 37 TV stations (3 private and 5 international broadcasting), 9 at the central level, 17 in the provinces and 11 in the districts. Both video and audio broadcasting covered 80 percent of the country's area, and satellite covered 100 percent of the country's area and many countries globally through direct means and the internet. The local stations can broadcast for at least 2–3 hours per day (locally produced programmes). The print media have expanded quantitatively and qualitatively. At present, there are 127 media publications, including 27 newspapers, 11 of them daily newspapers. The sector has also established the Pasason Newspapers printing house in Champasak. Radio broadcast speakers have been installed in various villages across the country, including 4,635 targeted villages (from a total of 8,662), of which 148 are pilot villages under the 3-builds directive, and in 63 districts.

#### Culture

The fine cultural value of the legacies that are the unique identity of the Lao population and ethnic minorities have been inherited, protected, continuously developed and expanded. The Ministry of Information, Culture and Tourism has supported and promoted innovations in the arts and literature and shows so they are enriched with lots of various colours and patterns. Publishing has been widely expanded quantitatively and qualitatively. The Ministry has paid attention to managing and inspecting domestically printed materials as well as printed materials imported from foreign countries. It supports the organizations, individuals and corporations in writing, translation and book production, organizing

writing and literature competitions in the era of campaigning for the implementation of the 3-builds directive and various national days. It has selected many written works to be sent for competition at ASEAN level and sub-regional level. There are 1,134 state and foreign libraries rendering services of providing knowledge and information, bringing books and other printed works to the population, schools and education institutes, supporting the movement of forming culture families, villages and village groups. In the period 2007–2015, there are 784,411 culture families, equivalent to 66.14 percent of all families across the country; in addition, 4,821 culture villages, equivalent to 57.03 percent of all villages across the country, and 105 culture village groups, equivalent to 9.95 percent of all villages across the country, have been formed.

The Ministry has collaborated with the local authorities in conserving the newly discovered sites of old legacies and renovated a certain number of old and deteriorated sites. In particular, it has completed the construction of the old Vientiane city central pillar chapel, Phrabang Chapel. It has also completed the survey, excavation and saving of the discovered underground archaic antiques in order to preserve them and survey cultural and historic legacies and ancestors' archaic sites, and has submitted the newly discovered historic site of Souvannadome Kham City in Bokeo province to be a Unesco world heritage candidate site. The Ministry has developed and promoted valuable architectural and crafts works, such as statues and sculptural works. The first generation revolutionary leaders' statues have been completed; in the first phase, the smelting of metal and molding of the statue of President Kaysone Phomvihanh was completed and installed in Viengsay district, Houaphanh province and in Savannakhet. Phase 2 consisted of making the statues of the first generation leaders such as Phoumy Vongvichit, Sisomphone Lovanhsay, Phoun Sipaseuth, Sithon Kommadam, Faidang Lobliayao and Touya Saychou, and installing them in their respective birth villages and districts, based on the resolution of the high authorities.

## Tourism

There has been an upward trend in this industry. From 2011 to 2014, total revenue earned from tourism increased constantly year by year (Table 10).

**Table 10: Number of Tourist Arrivals and Revenue from Tourism**

Description	Unit	2011	2012	2013	2014	2015 (est)
Number of tourist arrivals	Person times	2,723,564	3,330,072	3,779,490	4,158,719	4,684,429
Applied inflation rate	%	7	7.2	8.4	7.9	13
Revenue	US\$	406,184,338	506,022,586	595,909,127	641,636,543	725,365,681

In 2014, there were a total of 1,916 tourist attractions, of which, 1,093 are natural attraction sites, 541 are cultural attraction sites and 282 are historical attraction sites. The total attraction sites, 145 have already been surveyed, of which 24 have already future development concept. There are 2 world heritage and 20 national heritage sites. There are 368 travel agencies, 54 affiliated companies, 542 hotels with 21,597 rooms, 1,907 guest houses with 26,791 rooms, 1,744 restaurants and 168 entertainment centres in 2015.

### 3.4.2.5 Justice

Implementation of the strategy on the rule of law has been undertaken in accordance with the direction of building the State from the people, by the people and truly for the people. The justice sector has been the focal coordinating point to review and obtain comments on new draft law and improvement of existing laws, totalling 73 versions, 43 ordinance drafts, 134 decree drafts, and providing legal comments on over 75 drafts of laws and 66 contracts. Legal disseminations have been carried for multi-ethnic people in villages and Kum Ban areas 14,708 times, to over 2 million participants, more than 600,000 of whom are female. The sector has disseminated Law of Rights Protection and Benefits of Children under 18 in 990 villages and 105 schools, to 201,464 participants; printed 122,412 copies of compilations of over 90 laws and disseminated one set to each village and Kum Ban; 697,176 case-free families have been developed, equivalent to 174.29 percent implementation rate, exceeding the Five-Year Plan target by 74.29 percent; 6,160 villages have been certified as case-free villages. Capacity of the village mediation units has been strengthened in 5,534 units and able to settle 16,160 disputes at the village level out of the total of more than 17,000 cases. The sector has provided training on basic law education to 28,057 people, of whom 5,813 were female and 22,266 were core personnel in villages and Kum Ban.

In addition, the court decisions on 5,953 cases have been implemented, covering 53.1 percent of total court decisions, which is very low compared with the Plan target of 70 percent. Debts and fines collected to the Government and victims amounting to 63.28 million kip, 43 million baht and US\$ 8.1 million. Eighty-five economic disputes have been solved. The sector also completed certification of originality of 73,898 documents, and collected service charges and fees totalling 9,350 million kip.

Furthermore, there is a focus on carrying out justice activities at the grass-roots level and implementing the 3-builds directive in 52 targeted districts, by focusing on law development and improvement, especially the development and reviewing of civil law and criminal law; the sector also worked on court records, family registration, citizenship, child adoption and legal enterprises, and resolved economic disputes.

### 3.4.2.6 Population, Gender, Advancement of Women, Mothers and Children

#### Population Development

Currently, Lao PDR has a total population of 6.49 million (2015) which is relatively small compared with neighbouring countries. The majority of the population is young and 60 percent is below the age of 25. This is considered to be the core labourforce of the country but the contribution rate of this labour is still very low, resulting in a missed opportunity to gain from the “demographic dividend”. Therefore, in order to benefit from having a young population, the Party and the Government has been focusing on improving and developing human resources, especially the increasing investment in the education and health sectors, so that people receive education and are knowledgeable and healthy. In addition, the Government has also focused on developing labour skills.

#### Gender Development and Gender Equality

The Lao Women’s Union (LWU) has been focusing on promoting the directions of the Party, the laws on developing and protecting women and other laws, the Convention on Eliminating All Forms of Discrimination Against Women (CEDAW) and gender roles; it has also hosted workshops on enhancing political theories and the preservation of the nation’s great history to the members of the Union as well

as to various ethnic women groups, 39,691 times with an audience of 3.61 million. The promotion is communicated through 469,200 LWU newspapers and Lao magazines, and 560 knowledge programmes for women, of which 280 are TV programmes. The media on promoting gender development and equality have been improved and expanded to reach the national level, encouraging the greater exchange of information at central and local levels. The LWU historic room has been improved in both content and appearance. The LWU has also led the implementation of the '3-goods' campaign: good citizen, good development and good family. Alongside this campaign, there are also achievements in the technical work, including the implementation of the 3-builds directive and activities to promote patriotism and development in women. Many women have increased their knowledge on healthcare and better access to the health services. The proportion of women and children at an improved educational level increased, and an increased number of culture families and villages, development families and villages are observed, which contributed much in resolving social problems in relation to women's circumstances.

The LWU at each level has been improved in terms of political awareness, mindset, structure, leadership styles and method of work. At present, there are 930,963 LWU members, 10,636 LWU groups and 1,550 local-level establishments. The number of members who received political and technical training increased, as did the number of women in management and leadership positions from the village level to the central level. Women occupied 25 percent of the parliament seats, there are 404 female officials among the district-level party members (12.34 percent of all members), 56 among the provincial-level party members (10 percent), 8 in the provincial permanent party committees (4.62 percent), 54 among the ministerial-level party members (15 percent), and 13 in the ministerial-level permanent party committees (16.84 percent). Additionally, the LWU has conducted research in 11 provinces on the existing laws on women's retirement, as well as working on ensuring the availability of counselling services and the protection of women's and children's rights. The Union has provided counselling to women and children in need by working in conjunction with concerned organizations to solve the problems those women and children encountered. To make the counselling services effective, the LWU is making sure these consultants have proper knowledge, by providing counselling services for a total of 100,579 cases and resolving problems for 366 participants. The Union has also provided vocational training to 8,791 poor people and 1,009 disadvantaged people, 1,003 of whom were female, to increase employment and income, especially for women and families as a whole, and has implemented the LWU fund at village and grass-roots levels to create favourable conditions for women to access the sources of the fund in order to invest in their family development, commercial production, services and so on. All of these activities are to contribute to improving their livelihoods.

The LWU has continued its cooperation with the women's organizations of the strategic friendly countries, nations within ASEAN and other countries. It succeeded in hosting the 1st ASEAN Ministerial Meeting on women, which adopted the Vientiane Declaration on 'gender promotion and ASEAN women partnership for sustainable environment', which will further uplift the Lao women's role in the international forum.

### **Promoting Advancement of Women**

There have been significant achievements, such as completing the development of the 7<sup>th</sup> Five-Year National Strategic Plan on the Advancement of Women (2011–2015) and integrating this strategy into sector and local strategies. Various campaigns and awareness-raising activities have been implemented to advocate and raise awareness of government officials and people in general on understanding of

gender, promoting advancement of women, the Convention on Eliminating All Forms of Discrimination Against Women (CEDAW), acting against all forms of violence against women in order to free oneself as well as the Lao society as a whole from violence against women and children, and realizing gender equality, enabling the country to graduate from least-developed country (LDC) status gradually. In addition, the website of the National Commission for the Advancement of Women (NCAW) ([www.laonkaw.gov.la](http://www.laonkaw.gov.la)) has been developed; advocacy materials were also developed and printed, such as the 6<sup>th</sup> and 7<sup>th</sup> National Periodic Report on the implementation of the CEDAW in Lao PDR, the Doha Declaration, newsletters, notebooks, pens, bags and NCAW pins. Seminars and trainings on gender mainstreaming at sectoral and local levels have been conducted. The structure of the NCAW at the national, ministerial, organizational, provincial, municipality, district and village levels has been reorganized in conjunction with the establishment of an assistance mechanism to NCAW at each level in accordance with actual implementation. The sector has also been collaborating with the Central Party's Personnel Committee on translating resolutions on developing female officials and female ethnic officials, and integrating gender and anti-domestic-violence criteria, especially regarding violence against women and children, into poverty criteria and development criteria, as well as carrying out dissemination campaigns and implementing the resolutions in government-focused areas.

### **Mothers and Children**

The structure of the National Commission for Mothers and Children (NCMC) at ministry, sector and organization levels has been reorganized in 17 out of 20 offices; at the provincial level, the reorganization was completed in 14 provinces, which is closely linked to the improvement of NCMC secretariat at all levels. The NCMC has carried out dissemination campaigns on children's rights, printed and distributed booklets on the Convention on the Rights of the Child and its two optional protocols, created posters and cartoons on children's rights and distributed them to students and other stakeholders. Books on NCMC organization and implementation, the Mothers and Children Strategy 2011–2015 and Mothers and Children Action Plan 2011–2015 have also been produced and disseminated in four southern provinces and six northern provinces.

#### **3.4.2.7 Adolescent and Youth Development**

Effort has been made on providing political training for members of the Youth Union, Juvenile Association (Nyaowasone) and Juniors Association (Anousone), which covered 97 percent of all adolescents and young people (exceeding the Five-Year Plan target by 37 percent), and upgrading and expanding the means of mass media to reach out to the youth, for instance, the Modern Youth Radio (Saonoum Xinsai Yukmai) on FM 90.0 MHz. The focus has also been on development of youth and adolescents to become capable, knowledgeable and skilled in order to meet market demand, and on development of and promoting an increasing number of youth entrepreneurs. In connection with the projects on constructing the adolescent centre and youth history hall, as well as construction of the youth-pioneers development centre, the Lao Youth Union has focused on training and capacity enhancement for youth leaders and adolescents on theory and leadership attitude in leading the adolescent organization and its activities, including camping. Adolescent camping was organized, with 2,000 participants. Training on beauty salon and tailoring skills has been conducted for young people in Oudomxay, Sayabouly, and in four districts in Vientiane Capital, including Saysetha, Chanthaboury, Sikhottabong and Hatsaifong districts. As a result,

six out of total trainees completed the training course on beauty salon skills and have been provided financial support to begin their own careers in order to exit from poverty status step by step. In addition, training on journalism and media was conducted in Bolikhamxay province for young people from all parts of the country, with more than 50 young participants coming from 16 provinces and Vientiane Capital.

### **3.4.2.8 Science and Technology**

The Government has improved and developed science and technology by allocating budgets to scientific research each year, in order to use the research results to accommodate socio-economic development. This has included research projects such as: extracting chemical components and testing the toxicity of cancer cells using some extracts from a local herb (ton meu nang) in Savannakhet; extracting and using organic substances as pesticide for rice farming in Attapeu studying species of food crops in four southern provinces (Saravan, Sekong, Attapeu and Champasak); determining scientific potential in the priority development areas of government; conserving banana species, medicinal orchids and mushrooms in northern provinces using biotechnology; production and testing of biofuel from used vegetable oil, Jatropha and vernicia seeds (“mark kao”); a pilot project on drying agricultural products with solar energy and biomass; robot application for clearing and terminating unexploded ordnance; constructing an information and counselling service centre on technology for youth; and a project on sustainable development in Lao PDR. There are also projects in cooperation with Vietnam to conduct research and produce organic fertilizer in Sayabouly province, which yielded 2,400 tons per year, and to carry out research on cultivation and production of oils from local fruit seeds and cultivation of medical herbs. There is also improved research and services on intellectual property rights, such as industrial licensing, certified trademark registration, certificate on copyright, resolving conflicts on intellectual property rights, quality control on import commodities, and producing a 5-litre container template.

Apart from this, six legislation have been developed and amended as the legal basis for science and technology, including the Law on Science and Technology, Law on Biotechnology Safety, Law on Electronic Transactions, Amended Law on Measurement, Amended Law on Intellectual Property Rights, Law on Standards, the Decree on the Development of Science and Technology and Decree on Enforcement of the Law on Standards. Meanwhile, the Cooperation Plan with the Ministry of Science and Technology of Vietnam has been developed, to adopt the application of modern science that is suitable for the conditions of our country, and the Strategy on Science and Technology Development in Lao PDR (2013–2020) and Vision 2030 have been drafted.

### **3.4.2.9 Promoting People’s Solidarity**

The focus has been on the provision of political training for government officials, especially the dissemination of the Party’s directions, encouraging the process and spirit of their implementation to closely linked to solidarity, promotion policy and equality between multi-ethnic people, and uniting national spirit for the sake of the country.

Campaigns and lectures have been provided to cultivate patriotism and enhance implementation spirit, maintain solidarity history to fight against changing deception of the opposition force, maintain and expand the history of hard work of the Lao multi-ethnic people who have extended their support to officials who have gone to work at the grass-roots level to lead production, improve livelihoods, and prevent social unrest.

Equality among multi-ethnic people has been promoted, raising their unity and sense of national ownership and expanding the beautiful historic characteristics of the various ethnic groups. Predecessors of various ethnic groups have received trainings and have been encouraged to promote unity among their fellow villagers and members to actively contribute to the protection and development of the country.

The most outstanding achievements include focal development and expansion of the economy in all areas where multi-ethnic people live, providing the necessary condition and opportunity to discover their potentials and deepen international cooperation to develop the remote areas. As a result, people living on uplands increasingly shifted from slash-and-burn cultivation to commercial production, generating income and more permanent jobs and thus, reduced poverty, maintained stability, more efficient transportation and communication and public services.

#### **3.4.2.10 Preventing Social Drawbacks**

Attention was given to mobilizing and improving coordination between authorities at all levels and agencies concerned in solving social drawbacks, through disseminating, encouraging and mobilizing people to understand and strictly comply to the laws, aiming at building strong families, villages and towns.

In order to prevent any negative impact on the development process, the Government paid close attention to eliminating illicit drugs, illegal trading, burglary and other types of crimes.

The friend-help-friend project was implemented to prevent negative impacts on youth and to reduce school dropout rates, avoid the use of illicit drugs, prevent accidents on the road and any actions that lead to violation of the law, and to encourage involvement of the Women's Union and Youth Union at all levels, including ethnic women, and people from all walks of life to unite and take ownership in tackling social drawbacks in family and society, especially the drawbacks in the area of gender to help ensure that gender equality is gradually realized. Attention was given to solving social drawbacks and promoting good mental health for young people and adolescents through building basic infrastructure for facilitating youth development, such as construction of the Youth and Pioneer Club, and training centre for youth and adolescents, which are equipped with all needed facilities.

#### **3.4.3 Sustainable Development, Environmental Protection and Natural Resource Management**

The natural resources and environment sector has seen improvements in many rules, regulations and instructions, such as: Law on Land, Law on Forest (submitted for National Assembly approval in June 2013), Law on Water and Water Resources and Law on Environment Protection, and improvement of the Decree on Social-Environmental Impact Assessment and Decree on Compensation and Relocation of Population. A number of decrees have also been drafted, including the draft decree on upgrading provincial conservation forests to national conservation forests (Hi Phi and La Ving La Vern mountain), draft decree on determining 12 natural resources conservation areas, draft decree on pollution control, and upgrading the Minister's approval notice on environment standards to the Law on National Environment Standards. In addition, the Environment Plan for 2011–2015 was endorsed, as were the draft Strategy on Early Warning and regulations on natural disaster warning, which is one of the priorities in the 7<sup>th</sup> Five-Year Plan. In conjunction with the above-mentioned regulations, there are some outstanding works that have been implemented during the past period, which are explained in detail as follows.

### 3.4.3.1 Land Management and Development

Land titles have been issued for 3,779 villages, equivalent to 43.2 percent of all villages across the country (there are 8,654 villages in total), and 55 districts covering 37.1 percent of the total districts (148 districts). Between 2011 and 2015, land registration was completed and permanent land titles issued for 254,399 plots of land, 25.33 percent of the Five-Year Plan target (the target by 2015 is 1 million). From FY 1994–1995 until the present, registration has been completed and title issued for 871,317 plots of land. The database on land registration was developed. There is a total area of more than 4.5 million ha, comprising of 2.6 plots plus another 1.28 plots that have been recorded in the computerized system – equivalent to 49.2 percent of the total plots of land. Land mapping was developed to support price estimation and determination of residential areas. At present, this task has been completed in 26 districts in nine provinces. A modern database using the Land Lease Management System (LLMS) has also been developed, the first phase of which has already been piloted in Vientiane Capital.

### Forest Resources Management

Forest classification was completed for all protected areas. As a result, there are 139 protected forests covering 7.99 million ha, of which 49 are national protected areas covering 7.48 million ha, five provincial protected areas covering 141,633 ha and 85 district protected areas covering 366,838 ha. In addition, there are 176 conservation areas covering 4.89 million ha, of which 24 are national conservation areas covering 3.77 million ha, 59 provincial conservation areas covering 626,499 ha, 93 district conservation areas covering 420,678 ha and two connection areas – Nakai-Namtheun and Hin Nam No – covering 77,170 ha. A Protected Forest Classification Plan was established in five national areas and five provincial areas. The most outstanding is Namha National Protected Area, which is being proposed to be listed as a World Natural Heritage site. There are five aquatic-wildlife protected areas identified, including; tiger protected area in Nam Att-Phou Leuy Conservation Area, Sao La Protected Area in Oudomxay, river crocodile protected area, local reindeer protected area in Savannakhet and white cheeked gibbon protected area in Bokeo.

### 3.4.3.2 Geology and Mineral Management

A technical survey was carried out to create geological-mineral mapping on a scale of 1:200,000 covering 129,925 km<sup>2</sup> or 54.86 percent of the country's area. Actions were taken to manage, promote and monitor the approved concession investments on minerals exploration, with a survey and feasibility study to review the investment compliance against the concession agreement, legal procedures and regulations of Lao PDR. At present, there are 168 companies, 293 activities, in approximately an area of 87,941.17 km<sup>2</sup> equivalent to 37.4 percent of the country's area. Minerals for which the conducting of initial studies is permitted include gold, copper, coal, potassium and gypsum.

### 3.4.3.3 Water Resources, Meteorology and Hydrology

Implementation of national integrated water resource management has included improvement of the Law on Water and Water Resources, the laboratory for testing water quality, and the introduction of the meteorology and hydrology database, national water strategy and policy, and completion of surveying

and marking the area for piloting integrated water resources management for training, research, study visits and cultivating the environmental consciousness of the people.

There is a total of 62 river basins, six of which have established river basin committees. In addition, there has been research and initiatives to manage other priority river basins, such as Xe Bangfai, Xe Banghieng, Xe Kong and some river tributaries, including Nam Torn, Nam Xong, Nam Lik, Nam Pae, Nam Chaeng-Nam Xuang, Houay Champi and Houya Nam Xay. Management of wetland in Kiat Gnong Lake and Xe Champhone has continued. There are 144 points identified in the rivers at which the quality of water is being checked. There is an improvement in meteorology and hydrology stations, in meteorology stations to measure underground conditions as well as closely monitoring the weather, aviation, satellites, the daily level of water and earthquakes and to issue regular warnings of the domestic and international weather situation. There are 51 meteorology stations, including newly established and upgraded ones; 26 hydrology stations were upgraded with an automatic system. In addition, the national early warning centre in the Department of Meteorology and Hydrology was established, and there is exchange of meteorology and hydrology information with other countries, in order to report regularly on the information and weather situation for aviation.

#### **3.4.3.4 Environment**

Achievements included: conducted a study and research on environmental tax and the use of income from the development projects in the management of sustainable natural resources and environment; produced a manual on Hydrochlorofluorocarbons (HCFC) management; implemented model trilateral cooperation plan in solid waste management in six pilot districts of three provinces, Vientiane Capital, Sayabouly and Luangprabang; encouraged public investment projects to conduct environmental impact assessment in accordance with the rules and regulations with transparent process. Reviewed environmental impact assessment reports of 288 projects, of which 145 were initial environmental evaluation (IEE) reports and 143 were environmental impact assessment (EIA) reports. Field environmental management teams were established in 27 districts and 13 provinces where medium- to large-scale investment is occurring. There are 18 main projects being assessed on environment, through establishment of the monitoring system on environment quality and pollution released from the investment projects, development activities and family businesses. There are provincial environmental laboratories established in Luang Prabang, Xiengkhouang, Champasack, and Vientiane Capital, and there is a national laboratory established in Vientiane Capital to confirm the research findings that are comparable with the international standard ISO/IEC 17025.

#### **3.4.3.5 Natural Disaster Management and Climate Change**

The National Strategy on Climate Change and the National Adaptation Plan of Action have been operationalized through improvement of regulations and tools to suit the actual situation of Lao PDR; the Provincial Strategy on Climate Change and the Provincial Adaptation Plan of Action were formulated in six provinces; the final draft of the results on greenhouse gases has been completed for the decision makers in the agriculture and forestry sector; the sector has prepared for the Government to consider adopting the project on reducing greenhouse gases by avoiding deforestation and degradation of forestry at the local level by New Chip Xeng Group (SN-REDD+ Project) to pilot carbon trade; a study on potential

and challenges of the Climate Change Fund has been initiated to ensure that resources mobilized from the Fund can bring maximum benefits to Lao PDR; initiatives have been made to develop the flood management plan and wetland management plan in Xe Bangfai and Xe Banghieng; the pilot area for demonstrating the implementation of adaptation to climate change has been completed in Gang Gok and Nakatang village, Champhone District, Savannakhet province; the development of guidelines on the development and consideration of the Clean Development Mechanism (CDM) was completed in 2013 and there are 22 projects certified by this mechanism.

### 3.4.4 Enterprise Development

There are initiatives to improve, promote and develop enterprises and their production capacity to contribute to socio-economic development and thereby create a strong foundation for continuous and stable economic growth at considerable pace, and people's livelihoods improved evidentially; socio-economic infrastructure in both urban and rural areas has been upgraded gradually.

At present, there are 100,653 registered enterprises across the country, with total registered capital of 1,680 trillion kip (US\$ 200 billion); the industrial sector accounted for 86.52 percent, agriculture 1.62 percent, construction 3.14 percent and the service sector 8.72 percent; the enterprises registration procedure was made simpler and faster. Breakdown by type of ownership shows: currently, there are 131 state-owned enterprises representing 0.13 percent of the total and 100,473 private enterprises representing 99.79 percent, of which: 96,531 are domestic enterprises, accounting for 95.90 percent; 2,758 are foreign enterprises, accounting for 2.74 percent; 1,184 are joint ventures, accounting for 1.17 percent; 29 are collective enterprises, accounting for 0.03 percent; and 53 are mixed enterprises, accounting for 0.05 percent. Two matters to be considered are promotion of the "one district one product" approach and establishment of a cooperation mechanism between large and small enterprises to encourage large enterprises to use the products and services of small enterprises.

#### 3.4.4.1 State-owned Enterprise

There are 131 state-owned enterprises (SOEs) (with 100 percent government investment), 55 of which are managed by the central government. Overall assets of state-owned enterprises accounted for about 33 percent of GDP. The Government has improved administrative and financial management and allowed some SOEs to adjust according to the market price via government acknowledgement, such as Electricité du Laos (EDL), Lao State Fuel Company, Lao Airlines and State Medicines Factory No.3, and monitoring of the second and third restructure of agriculture-industry development and services on export-import, Lan Xang Development Import-Export, state construction of Southern Road No. 13, Thangone Agricultural Machinery and state enterprises that provide technical tools. Given their very important role, SOEs grew quite positively, with smooth operations and quick profit, which contributed to maintaining national stability overall. Meanwhile, the classification of the 131 SOEs followed performance indicators, as follows: Type A "Effective" consists of six enterprises; Type B "Effective but need some restructural improvement" consists of 27 units; Type C "Not effective and need improvement or reform" consists of 98 enterprises, of which 23 had consecutive losses, 54 are profitable and 10 have been shifted towards other forms. There are 48 enterprises that successfully operate under joint venture, with total assets of around 7.3 percent of GDP and a ratio of profit to revenue higher than that of 100 percent

SOEs. EDL and BCEL are listed on the Lao Securities Exchange; this is expected for more enterprises that meet the conditions in the coming years, while improving conditions for SOEs at national, sectoral and provincial levels to go public, such as Lao Cement Factory, Agricultural Promotion Bank and some other enterprises.

#### **3.4.4.2 Small and Medium-sized Enterprises (SMEs)**

SME promotion and development is one of the sectors which has made significant achievements over the last five years, and could be demonstrated as following:

Completion of upgrading the Decree 42/PM on the Law on SMEs, No. 11/NA, dated 21 December 2011; established service provider networks to provide consultation on business development, with 21 current members; established model enterprises with quality productivity, for instance C&A Bakery, Vern Kham Salt Factory and Mavita Drinking Water Factory. Efforts have also been focused on the priority tasks related to SME development, such as creating a favourable regulatory and management environment by improving registration of enterprises and systems to allow, create and develop the dialogue between the Government and business sectors at provincial level under the Lao Business Forum framework. The enterprise registration procedures have been simplified, convenient and fast; for instance, the cost of registration has been reduced from 100,000–200,000 kip to around 40,000–90,000 kip, the procedure period has been limited, from 60–90 days to 3–10 working days at the latest, the number of supporting documents for review has been reduced from 18 to about 4–6 items, and permanent licences are issued rather than renewable ones.

In collaboration with the Ministry of Education and Sports and related sector, the textbooks and manual on business operation were reviewed to create a curriculum for inclusion in the regular course of study, which has already been piloted in some schools for general education and it is being prepared for inclusion in vocational education and at university level.

The “one district one product” approach has been studied and promoted while determining the alliance mechanism between large and small enterprises to create incentives for large enterprises to source the products and services provided by small enterprises.

There is a need to promote increased productivity, the quality and standards of products and services by implementing a pilot project to demonstrate activities related to “5 sor” and production of some model factories. Currently, there is ongoing mission with other sectors concerned to develop a system and organization that will be responsible for quality and standard certification.

#### **3.4.5 Implementation of the Millennium Development Goals (MDGs)**

All directly and indirectly concerned stakeholders have made efforts in implementing the targets set in the 7<sup>th</sup> Five-Year NSEDP, including to achieve the nine MDGs on which the Government has to report to the international community in 2015. Preparation of the implementation framework for the MDGs and the financial planning was completed in 2010, by determining certain particular points enabling the country to achieve the MDGs. This framework has defined six main areas of focus necessary to achieve the MDGs: access to basic infrastructure; the sustainable improvement of food security and sustainable environment; access to basic education for all and by gender; equal participation and empowerment of

women; improving maternal and child health; providing clean water and improved hygiene in rural areas and small towns. After five years of implementation, efforts can be evaluated and summarized as follows.

### **3.4.5.1 MDG 1: Eradicate Extreme Poverty and Hunger**

Based on the Lao Expenditure and Consumption Survey (LECS5) by LSB, it can be seen that the poverty ratio has been reduced from 27.6 percent in FY 2007–2008 (LECS4) to 23.2 percent in FY 2012–2013; compared with the target of 24 percent in 2015, it can be inferred that this target will be achieved and even exceeded. Nevertheless, the poverty disparity ratio is still very wide.

#### **Nutrition**

Nutrition is associated with several factors including access to sufficient, hygienic and nutritious food. The implementation target to reduce the ratio of underweight children under 5 years old has been very slowly; it clearly requires more time and increased efforts to move towards this goal. The Multiple Social Indicator Survey (MICS) in 2011 found that the ratio was 27 percent while in 2006 there was 37 percent. It is estimated to achieve 24.51 percent in 2015 (the Plan target is 22 percent by 2015); the prevalence of stunting in children under 5 is also still lagging behind: in 2006 it was 40 percent and in 2011 it was 38 percent, while the target for 2015 is to reach 34 percent. On average, the reduction has been only 1 percent per year. There are high inequities in stunting and underweight levels between children from the poorest and the richest quintiles. Stunting is more pronounced in rural areas and among children from ethnic groups living in remote mountainous areas, which is caused by insufficient food consumption. Nevertheless, this issue is related to many factors, not just insufficient food consumption.

Lao PDR has a number of opportunities to accelerate the progress in reducing malnutrition. First, the country's sustained economic growth provides fiscal space for increased allocations to social sectors. Second, the country's health reforms have already identified the priorities and are thus facilitating rapid implementation. Third, it can be seen that private sector, especially international, assistance has provided significant support in the nutrition area, such as through provision of multiple micronutrient supplements for infants, which is highly promising.

### **3.4.5.2 MDG 2: Achieve Universal Primary Education**

Education is crucial to the development of the country and supportive to the achievements of other MDGs, especially the targets for poverty reduction and the reduction of maternal and child mortality. Thus, provision of basic education is vital, particularly for the remote and disadvantaged areas. In order to reach the target, the Education sector has collaborated with development partners within and outside the country to develop manuals and expand education infrastructure to create and expand opportunities for school-aged children to have access to schools. As a result, the net enrolment rate of children at primary school level increased from 92.7 percent in FY 2009–2010 to 96.8 percent in FY 2012–2013, 98 percent in 2013–14 and 98.6 percent in FY 2014–2015; the target of 98.6 percent has been reached. Nevertheless, the quality of education is still low as some children enrolled in primary schools are over-aged while a small number are under-aged, which may result in a high repetition rate. The survival rate of primary school students reached 68 percent in FY 2011–2012, 71.4 percent in FY 2012–2013, 77.5 percent in 2013–2014 and 78.3 percent in 2014–2015, which did not meet the 2015 target (95 percent).

Significant disparities in school attendance and retention rates exist in rural areas without road access and among the children from the poorest group and children of mothers with no education. On average, the literacy rate in the 15–24 age group increases about 2 percent annually, reaching 98.6 percent in FY 2014–2015, while the target for 2015 is 99 percent. The secondary school enrolment rate reached 62.9percent in FY 2010–2011, 64.7 percent in FY 2011–2012, 69 percent in FY 2012–2013, 74.4 percent in 2013–2014 and 78.1 percent in 2014–2015. Thus it can be inferred that this target was achieved as planned, as demonstrated in table 11.

**Table 11: Universal Access for Primary Education Indicators**

Indicator	2010–11	2011–12	2012–13	2013–14	2014–15	2015 Target
Net enrolment rate in primary school	94.1	95.2	96.8	98	98.6	98
Proportion of pupils starting grade 1 who reach grade 5	68	70	71.4	77.5	78.3	95
Enrolment rate in secondary school	62.9	64.7	69	74.4	78.1	75
Literacy rate in the 15–24 age group	87	92	94.8*		98.6	99

Source: LSIS and Report 2011–2015.

### 3.4.5.3 MDG 3: Promote Gender Equality and Empower Women

Gender equality and women's empowerment is generally the Government's target as women can significantly contribute to the development process and family economy. Women also play an important role in the family in managing resources. Gender equality and women's empowerment is an important factor in supporting the achievement of other MDGs. Therefore, sectoral planning must take into consideration gender issues, especially in the education sector where the focus has been on expanding education service for girls by constructing girls' dormitories and providing food at schools, etc. Nevertheless, there are still disparities in the school enrolment ratios of girls to boys and the disparity increases with the level of education, as shown in table 12.

**Table 12: Gender Equality and Advancement of Women Indicators**

Indicator	2009–10	2010–11	2011–12	2012–13	2014–15 Target
Ratio of girls to boys enrolled in primary school	0.94	0.94	0.95	0.95	1
Ratio of girls to boys enrolled in lower secondary school	0.86	0.87	0.89	0.91	1
Ratio of girls to boys enrolled in upper secondary school	0.82	0.81	0.83	0.84	1
Ratio of girls to boys enrolled in higher education				0.06 (vocational level)	
Share of women in wage employment in the non-agriculture sectors			34 percent		
Proportion of seats held by women in the National Assembly				25 percent	

Source: Data on Ratio of girls to boys is from the LSIS.

The literacy rates of women and men are generally related to poverty. Women's literacy is lower than men's, especially in the rural areas without road access, and amongst the poorest groups and ethnic groups living in very remote areas. The ratio of literate women to men in the younger population (aged 15–19) is better than the ratio in the age group 20–24 years. This could be due to the higher girls' school enrolment rate during recent years.

The share of women in wage employment in non-agriculture sectors increased from approximately 20 percent in 1990 to 34 percent in 2010, which is still low. This may be attributed to the high proportion of women in unpaid family work. The male workforce is better educated than the female workforce and it can be observed that women are mostly (65 percent) in non-stable employment, self-employed or engaged in unpaid family work whereas only 35 percent of men are. The proportion of seats held by women in the National Assembly is 25 percent.

#### 3.4.5.4 MDG 4: Reduce Child Mortality

The infant mortality rate reduced from 75 per 1,000 live births in 2008 to 68 in 2011 and is expected to reduce to 32 in 2015, while the 2015 target is 49 per 1,000 live births; it has already met the target. The under-5mortality rate decreased from 89 per 1,000 live births in 2008 to 72 in 2011, and is most likely to reach the 2015 target of 70 per 1,000 live births. Immunization against measles may not be achieved due to the current low coverage of only 85 percent (in 2014) against the target of 90 percent. Nevertheless, in comparison with neighbouring countries, Lao PDR still has a high child mortality rate.

**Table 13: Child Mortality Reduction Indicators**

Indicator	2005	2008	2011 (LSIS)	Target 2015
Reduce under-5mortality rate per 1000 live births	98	89	79	80
Reduce infant mortality rate per 1000 live births	70	75	68	49
Proportion of 1-year-old children immunized against measles	69		55	90

2006 MICS data suggests that the equality gap has widened or remained the same, while urban families experience better living standards. Therefore, to achieve further reductions in infant and child mortality calls for service provision to this segment, appropriate investment in the health sector that will reach the poorest population living in the remote areas.

The biggest challenge in achieving the goal is to ensure provision of funding for maternal, neonatal and child health services in a sustainable and predictable manner. Another challenge is capacity strengthening for health personnel and administration as well as improving supply and the management system.

#### 3.4.5.5 MDG 5: Improve Maternal Health

The international assessment has pointed out that Lao PDR has already achieved this target. In 2013, the maternal mortality rate was 220 per 100,000 live births, but the LSIS result indicated 357 per 100,000 live births in 2011, while the 2015 target is 260 per 100,000 live births. Similarly, the proportion of births attended by skilled birth attendants remains low at 42 percent, compared with the 2015 target of 50 percent. The contraceptive prevalence rate and antenatal care coverage progress very slowly, thus requiring focusing the funds on implementing various activities, such as a free maternal and children-under-5 services project, reproductive health project, family planning project, immunization for women of reproductive age, training of skilled birth attendants project, etc.

**Table 14: Maternity Health Indicators**

Indicator	2005	2008	2011	2013	Target 2015
Reduce maternal mortality ratio per 100,000 live births	405		357	220	260
Proportion of births attended by skilled birth attendants (percent)	23		42	58 (2014)	50
Contraceptive prevalence rate (percent)	38.4			49 (2014)	55
Antenatal care coverage (percent)	28.5			46 (2014)	69

Disparities in delivery assistance and other related indicators are pronounced between the different population groups. Urban areas show a higher safe delivery rate, that is, twice the national average and over six times that in remote rural areas. The safe delivery rate was three times higher among the ethnic groups living in accessible areas than that among the groups living in remote areas. The safe delivery is eight times different between the richest and poorest quintiles, and about six times between women who have completed secondary education and those with no education. The caesarean section rate is still low at 4 percent of all births. This indicates that some women whose lives could have been saved by caesarean section were not able to have this intervention.

Despite the positive trend in maternal and reproductive health service indicators, the country's progress towards this goal is off-track, due to the following issues:

- the relatively low rate of facility-based delivery
- the poor quality of health services.

Therefore, interventions required are those that can achieve high population coverage, improve the quality of services and promote facility-based delivery. On the demand side, advocacy, mobilization and health education activities will need to target women and men from communities in the remote rural areas, often the same groups as those in the poorest quintiles and those with the lowest education.

### 3.4.5.6 MDG 6: Combat HIV/AIDS, Malaria and Other Diseases

#### HIV and AIDS

HIV/AIDS prevalence in the general population remains low and thus the target is achievable. In 2012, the prevalence rate was 0.28 percent, compared to the 2015 target of below 1 percent of total population. HIV prevalence among the high-risk group aged 15–24 reduced to 1.2 percent against the target of 5 percent; HIV prevalence among sex workers aged 15–49 reduced to 2.44 percent compared to the target of below 5 percent.

Heterosexual contact fuels much of the epidemic in Lao PDR. The patterns of groups engaging in high-risk behaviour influence the geographic spread of HIV. Such groups include men who migrate for work without their families and returning migrant workers, especially females. The groups at highest risk are female sex workers, especially those not working in entertainment establishments.

ART coverage has increased but still needs improvement. The problem appears to be inadequate reporting, identification/diagnosis and increasing demand for medical treatment. To reach the national targets on HIV and AIDS by 2015, a number of actions are recommended, among them, building on the momentum created by the health

reforms, building partnerships with key affected populations, groups and networks, strategically addressing the needs related to mother-to-child transmission, securing access to treatment for all and increasing the domestic financial contribution.

### **Malaria**

Death associated with malaria reduced from 7.1 per 100,000 population in 2000 to 0.29 in 2011 and is expected to achieve the 2015 target of below 0.2 per 100,000 population.

The strategy on malaria control has been quite effective, leading to the widespread use of bed nets among adults and children. The National Bed Net Survey found that 81 percent of children under five years of age slept under insecticide-treated bed nets and that 98 percent of children slept under one kind of bed net or another.

Nevertheless, the malaria outbreaks in 2011 in five southern provinces have become an issue that needs special attention to ensure that it does not spread to other areas and pose further threats. The outbreaks were associated with large-scale development projects that may transmit a new kind of acute malaria and there was a possibility that it caused drug-resistance malaria amongst the local populations; in addition, the expansion of certain livelihoods is increasing exposure to the newly virulent malaria.

### **Tuberculosis**

The proportion of new tuberculosis cases detected under Directly Observed Treatment Short Courses (DOTS) was 72 percent, exceeding by 2 percent the 2015 Plan target of 70 percent. The proportion of tuberculosis cases cured under DOTS is 91 percent, exceeding the 2015 target by 6 percent. The tuberculosis infection rate was at the level of 151 per 100,000 population in 2009. In light of the 2015 target of 240 per 100,000 population, it is possible to achieve the target on combating tuberculosis.

Although prevalence of tuberculosis cases and mortality rates of tuberculosis in Lao PDR show a steady decline, the results of the first survey on the tuberculosis outbreak in 2010–2011 found that the outbreak affected nearly two times as many people as was previously estimated. In addition, the survey also suggested that there are many TB cases remain undiagnosed and untreated.

### **3.4.5.7 MDG 7: Ensure Environmental Sustainability**

This goal is closely linked to poverty and the livelihoods of the people, especially in the rural areas, who rely heavily on nature for living. It includes, for example, achieving the collection of non-timber products for living and as a source of income for people and subsistence agriculture. Therefore, achieving MDG 7 is very important in ensuring sustainable development. Through more than five years of implementation, progress can be assessed as follows.

**Target No. 7A:** Integrate the principles of sustainable development into country policies and programmes, and reverse the loss of environmental resources

- Based on initial estimation, the forest coverage target of 65 percent in 2015 could be achievable as planned, due to the allocation of forests into three categories, and completion of identifying 24 national forest conservation areas of 3.77 million ha, 139 protection forests of 8.05 million ha and production forests of 3.10 million ha, as well as provincial and district forest conservation areas.

- Data collection on CO<sub>2</sub> emission per capita per US\$ 1 per GDP has been initiated by defining it in the first and second National Communication on Climate Change. The next step is to continue consulting with relevant agencies to study and define the target in detail.
- Reducing emission of green house gases (GHGs) is one of the targets that Lao PDR aims to achieve, to reduce GHG emission to 10 percent in 2015.

**Target No. 7B:** Reduce Biodiversity Loss.

This is a challenging target because the proportion of species threatened to extinction has increased from 115 in 2010 to 167 in 2011.

**Target No. 7C:** Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.

- The proportion of the population using an improved drinking water source is an achievable target as, in 2014, this proportion reached 84.71 percent, compared to the 7<sup>th</sup> Five-Year Plan target of 80 percent. The proportion of the population using an improved sanitation facility was 67.92 percent while the target is to reach 60 percent by 2015.

### 3.4.5.8 MDG 8: Develop a Global Partnership for Development

There has been significant progress on implementation of this target as shown in the removal of trade barriers by developed countries for Lao PDR. The indicators on tariffs for Lao exports, especially agriculture, clothes and textiles to developed countries have also been decreasing. Countries that have given most-favoured nation (MFN) status to Lao PDR have reduced tariffs by more than half of the 1990 level. In addition, countries that have given Preferential Trade Agreements to Lao PDR have reduced tariffs by more than half as well. Developed markets also charge 99 percent free of duty on agriculture products, clothes and garments from Lao PDR. The World Bank (WB) and International Monetary Fund (IMF) view that Lao PDR still faces high risk of debt distress despite improved debt indicators coupled with stable and continuous economic growth. Lao PDR's external public and publicly guaranteed (PPG) debt stock has improved due to strong macroeconomic performance, a strong kip currency and enabling external environment.

### 3.4.5.9 MDG 9: Reduce the Impact of UXO in Lao PDR

Between 1964 and 1973, the Lao people were impacted by unexploded ordnance from the Second Indochina War. During these nine years, of the total 2.4 million tons of bombs dropped on Lao PDR, there was over 2.08 million tons of unexploded ordnance (UXO), or about 30 percent of all bombs, which on average is about 0.9 ton per one Lao person.

The 2010 National UXO Survey indicated 48,375 victims casualties were affected by unexploded ordnance from 1964 to 2008. The majority of the victims aged between 15 and 35 years, 60 percent of which were killed and 40 percent injured.

The target is to increase land clearance from UXO contamination to 100,000 ha by 2015. Of which 4,050 ha and 10,094 ha were cleared in 2011 and 2012 respectively, and it is expected that an additional 18,000 ha will be cleared in 2013. As a result, over 6,034 ha have been cleared for production, which comprises of agriculture 3,666 ha and development projects 2,368 ha. 186,984 UXOs have been destroyed, which included 288 big bombs, 33,195 cluster bombs, 191 land mines and 153,313 other types of UXO. Overall, the clearance target will not be achievable by 2015.

The National Regulatory Authority (NRA) has identified 46 priority districts in nine provinces as the most severe affected by UXO. The contaminated provinces are Huaphanh, Xiengkhouang, Luangprabang, Savannakhet, Saravane, Sekong and Attapeu. The 2010 survey found that among the total of 20,493 UXO casualties, only 583 survivors claimed to have received prosthesis and assistance.

### 3.4.6 Regional and Local Development

The 7<sup>th</sup> Five-Year Plan has determined the economic growth rate for the Northern Region of at least 9.72 percent, the Central Region 11.50 percent and the Southern Region 12.65 percent, with per capita income of US\$ 1,700, US\$2,200 and US\$ 1,300, respectively. In addition, it set the poverty reduction target for the Northern Region at 8 percent, Central Region at 3.5 percent and Southern Region at 10 percent, while promoting the industrialization and modernization.

Through actual implementation over the 7<sup>th</sup>NSEDP period since FY 2011–2012, there have been problems caused by natural disasters such as the Haima and Nokten storms, which caused damage to economic and social infrastructures, thereby limiting regional economic growth. Nevertheless, the Party and the Government have focused all efforts on rehabilitation, which resulted in continuation of regional economic growth. Overall, regional development can be evaluated and assessed based on the changing economic structure, which is closely linked to the three main economic sectors, agriculture, industry and services, and to the poverty situation.

#### 3.4.6.1 Northern Region

##### Economic Growth

Through actual implementation over the 7<sup>th</sup>NSEDP period it can be seen that the GDP growth of the Northern Region increased 9.74 percent on average; in sector terms, agriculture increased from 6.16 percent in FY 2010–2011 to 6.45 percent in 2014–2015, industry increased from 11.9 percent in FY 2010–2011 to 11.65 percent in 2014–2015, and the service sector experienced reduction from 13.80 percent in FY 2010–2011 to 11.84 percent in FY 2014–2015. Average per capita income also increased, from US\$ 859.85 in FY 2010–2011 to US\$1,402.82 in FY 2014–2015, which did not achieve the target due to a number of impacts from the natural disasters; the number of poor households reduced from 28.6 percent in FY 2010–2011 to 22.35 percent in FY 2011–2012, to 19.32 percent in FY 2012–2013, to 13.73 percent in 2013–2014 and to 9.95 percent in 2014–2015.

The change in the economic structure in the Northern Region is as follows: the agriculture and forestry sector decreased from 51.66 percent of regional GDP in FY 2010–2011 to 43.15 percent in FY 2014–2015. The industrial sector structure share increased from 23.64 percent of regional GDP in FY 2010–2011 to 27.14 percent in FY 2014–2015. The service sector increased from 24.68 percent of regional GDP to 29.71 percent of GDP in FY 2014–2015. The Northern Region has great potential but industrial sector has not yet evidently developed. At present, there are only some hydropower dams, small-scale mining and some handicraft and a few family-run food processing enterprises.

## Project Implementation and Outstanding Activities

The development has been focused on agriculture and rural development, urban development linked to construction of industrial, service and social foundation, aiming to reduce poverty and provincial and regional disparities. Commercial production is to be closely linked to permanent resettlement, providing stable employment for the people by establishing industrial production promotion groups in order to gradually move to industrialization and modernization. Development focused on infrastructure, such as construction and repair of irrigation, roads, electricity network expansion, schools, hospitals etc. For example:

- Construction and repair of the Nammao-Namnene irrigation systems and Nam Hin reservoir irrigation was completed. Construction of the Namseng, Namthair irrigation systems has been continued. At present, the construction of Namma-Oune and Nam Nha, Muangsing and Houay So irrigation system has started. Irrigation in the Nong Sane area is being expanded.
- Construction of road was completed from Luangnamtha Provincial Municipality to the airport, Luang Prabang airport was upgraded and construction of the sport stadium in Oudomxay was completed.
- Some road constructions have been completed, such as Road No. 2W (Muang Ngeun to Pak Bang), Road No. 2E (Muang Khua to Tai Chang), and the road from Luang Namtha city to Luang Namtha airport No. 1D (Xiengkhouang-Bolikhambxay strategic road for national defence and security). The construction of three bypass roads in Vienxay district with three bridges has been initiated. The construction of the fourth Mekong Bridge Houayxai-Xiengkong and Mekong Bridge from Thadeua to Parkkhone has also been completed. The Mekong friendship bridge between Laos and Myanmar in Xiangkok (Long district) and Xiang Lab (Tha Khilek province) and the Mekong River bridge at Na Sack village-Kokkaodor, Sayaboulydistrict have started. In addition, there are ongoing construction projects on Northern Road No. 13 and some upgrading projects in the section between Northern Road No.13 to Phu Lak Kham checkpoint, Namor district (Chinese border), ongoing construction of the bridges and roads from Nanokkoum (Toulakom district, Vientiane province) to Naxai village (Thaphabath, Bolikhambxay province), road between Anouvong district and Viengthong village (connected to Road 1D) with a length of 50,012 km and construction of a concrete bridge with a length of 267 m, ongoing road construction project from Nam Nyon to Long Chang and bridge construction in three areas with a length of 100 m.
- The construction of transmission lines with 115 kV linking Xiangkhouang-Xam Nue stations and Luangprabang-Oudomxay stations has been completed. The construction of 230 kV transmission lines linking Naxaithong-Hin Herb-Luangprabang is ongoing. In addition, expansion of the northern transmission lines to rural and focal development areas is being carried out through a number of projects, such as: expanding medium voltage (MV) and low voltage (LV) electricity networks and installation of MV-LV transformers in the focal areas of Muang Chim village; expanding medium voltage (MV) and low voltage (LV) electricity networks in Muang Viengthong and Phathy areas in Samneua and Area 3 of Liap Ma district; completion of electricity system linking Xayabouly-Hongsa-Nguen – Xianghon-Khob districts including starting construction of the Mekong Dam in Xayabouly district and Hong Sa lignite power plant. At the same time, the renovation and restoration of the basic infrastructure which was damaged by the flood in 2011 has also been completed.

## Food security and outstanding agriculture commercial production

- Promotion of food production, especially rice production, which is outstanding in Vientiane province where the total production area was 65,500 ha, yielded 290,000 tons of rice, equivalent to 90 percent against the target. In Sayabouly, the total production was 192,980 tons, equivalent to 95 percent against the target, while in Xiang Khouang province 58,904 ha, yielded 517,029.46 tons or 93.05 percent against the target. The reasons for not achieving targets are land degradation, unimproved seeds, flood and pest issues in some years.
- Promotion of commercial plantation to support processing industries using production techniques and machinery to increase production efficiency and value addition. The most outstanding achievements were increased corn plantations. Corn production in Sayabouly province was 337,775 tons in an area of 62,394 ha, in Houaphanh province production was 540,718.03 tons in an area of 19,698 ha. Corn was also planted in Oudomxay, Bokeo and Xiangkhouang provinces for exports to Thailand, China, Vietnam.
- Promotion of cattle and livestock farming, especially cows, buffaloes and pigs. The most outstanding achievements are in Xayabouly, Xiangkhouang and Houaphanh. At the same time, the domestic and foreign private sector has been encouraged to invest in industrial plantations, especially of rubber, tea and sugarcane in Phongsaly, Luang Namtha and Oudomxay. A number of border trade areas have been developed. These include Laos-China border trade in Luang Namtha province, Laos-Thailand in Bokeo and Sayabouly provinces and Laos-Vietnam in Houaphanh province. Tourism activities has been diversified in Luangprabang province. Handicrafts, weaving, silk rolling and bamboo weaving have all been promoted in the northern provinces. In addition, there are many other activities, such as cement and electricity production in Vientiane province, and gold and minerals exploration for export in Long district, Luang Namtha and Xiangkhouang province.

In addition, attention has been paid to actively improve and enhance the quality of education and health in order to achieve the MDGs, while also improving tourism development in various forms:

- Promotion and development of eco- and cultural tourism through implementing community based tourism projects, organizing festivals to attract tourists to the famous areas such as Luangprabang, Vang Vieng, Muang Sing and Xiangkhouang, improvement of tourism infrastructure and enhancement of tourism services. Tourism and border trade have been progressing well.
- Education has been continuously improved. Educational equipment and materials have been provided to the development Kum Ban and higher education institutions.
- Community health insurance funds have been established to create enabling conditions for access to medical treatment.

Overall, the northern economy has been continuously growing and there have been focal areas and urban development. However, the Northern Region has many difficulties, such as its mountainous terrain, limited infrastructure development that impeding the distribution of goods between rural and urban areas, and the fact that agricultural production relies mainly on rain. Consequently, per capita income during the 7<sup>th</sup> NSEDP period is still relatively low compared to the target of US\$ 1,700 in 2015. Moreover, although the proportion of poor households has declined, it is still higher than the development rate, especially in

Houaphanh province, which is also the province with the highest proportion of poor households compared to other northern provinces; Sayabouly has the lowest proportion of poor households.

**Table15: 7<sup>th</sup> Five-Year NSEDP Performance in the Northern Region**

No.	Description	Unit	7 <sup>th</sup> Five-Year Plan Target (2011–15)	Actual FY 2010–11	Actual FY 2011–12	Actual FY 2012–13	Actual FY 2013–14	Estimation FY 2014–15
1	Population size	persons	2,680,000	2,622,925	2,644,715	2,674,146	2,638,665	2,679,499
2	Population growth rate	%	2.00	2.30	2.17	2.53	2.30	2.38
3	GDP at annual prices	billion kip		18,909.73	21,413.35	25,747.81	28,281.77	31,539.52
4	Average GDP per capita	US\$per capita	1,700.00	859.85	957.17	1,148.18	1,273.11	1,402.82
5	Poverty rate	%	8.00	28.60	22.35	19.32	13.73	9.59
6	Economic growth rate (GDP)	%		9.61	9.48	10.18	9.42	9.74
	<i>Agriculture</i>	%		6.16	6.72	6.11	7.10	6.45
	<i>Industry</i>	%		11.90	12.68	13.41	12.43	11.65
	<i>Services</i>	%		13.80	12.89	14.03	10.86	11.84
7	Economic structure	%	100.00	99.94	99.94	100.00	100.00	100.00
	<i>Agriculture</i>	%	42.00	51.67	50.39	45.10	44.31	43.15
	<i>Industry</i>	%	34.00	23.64	23.94	27.09	26.31	27.14
	<i>Services</i>	%	24.00	24.63	25.61	27.81	29.38	29.71
8	Labour structure	%	100.00	100.00	100.00	100.00	100.00	100.00
	<i>Agriculture</i>	%		56.20	55.87	51.74	55.40	56.26
	<i>Industry</i>	%		22.09	21.68	21.75	19.79	21.02
	<i>Services</i>	%		21.71	22.45	26.51	24.81	22.71
9	Workforce	persons		70,303	82,555	77,929	79,103	87,306
	<i>Agriculture</i>	persons		55,700	65,141	59,167	53,842	56,658
	<i>Industry</i>	persons		5,017	6,279	7,460	9,193	11,554
	<i>Services</i>	persons		9,587	11,136	11,303	16,067	19,094

Source: Planning and Investment Divisions of each province.

### 3.4.6.2 Central Region

#### Economic Growth

Through the implementation of the national socio-economic development over the 7<sup>th</sup> NSEDP period it can be seen that the GDP growth rate of the Central Region was 11.53 percent on average (the Five-Year Plan target is 11.5 percent). By sector, agriculture and forestry increased from 6.79 percent of regional GDP in FY 2010–2011 to 7.71 percent in FY 2014–2015, industry increased from 18.00 percent in FY 2010–2011 to 16.29 percent in FY 2014–2015 and services increased from 11.08 percent in FY 2010–2011 to 13.35 percent in FY 2014–2015. Per capita income increased from US\$ 1,415.76 in FY 2010–2011 to US\$ 2,380.24 in FY 2014–2015, which achieved as planned against the target due to comparative advantages in terms of locations, infrastructure that supported production, trade, investment and connectivity within the region and overseas. The poverty rate has also been decreasing gradually, from 10.10 percent in FY 2010–2011 to 4.01 percent in FY 2014–2015, which is equivalent to the target.

The change in economic structure of the Central Region has been following a similar direction to that of the Northern Region. The agriculture share reduced from 34.86 percent in FY 2010–2011 to 26.91 percent in FY 2014–2015, the industry sector increased from 34.58 percent in FY 2010–2011 to 38.05 percent in FY 2014–2015, and services increased from 29.94 percent in FY 2010–2011 to 35.04 percent in FY 2014–2015. Nevertheless, production in the Central Region has focused on the plains areas along the Mekong River; in the service sector the focus is on trade, including border trade, tourism and transport.

#### Project Implementation and Outstanding Activities

The Central Region is the region which has potential with regards to geographical location, production, infrastructure and domestic and international communication. The plains have been utilized for commercial production for exports. The areas with the highest rice and crop production are Savannakhet, Vientiane Capital and Khammouane province. Cattle farming is in Khammouan and Savannakhet while pig breeding is conducted in Savannakhet and Bolikhamxay provinces. Net fishing farming is widely found in Vientiane Capital and Khammouane province. Electricity production is in Khammouane province and minerals exploration for export is carried out in Savannakhet province. Cement production is carried out in Khammouane and Savannakhet provinces. Two industrial parks have been established in Vientiane Capital: Industrial Park and Trade on KM 21 (VITA Park) and the Vientiane Industrial Park (VIP); two specific economic zones have been established: the Thakhek Specific Economic Zone located near the Third Friendship Bridge and Phoukhyo Specific Economic Zone in Thakhek district, Khammouane province.

The most prominent works are concentrated in Vientiane Capital:

- Completion of the Vientiane 450th Anniversary Road (Dongdok-Dongphosy)
- Completion of the project of expansion of That Luang surrounding terrain
- Completion of the construction of Chao Phothisalath Road
- Completion of river bank protection at Vangpho section 1, 2 and 3 Muang Park Ngum, as well as river bank protection at Ban Marknao Nalong phase 2; Mekong River Banks Development and Protection construction phase 1 has been completed; in addition, a number of river bank protection projects have been completed, such as in Ban Nonsai, Ban Nongheo, Ban Homtai and Khoileneman-Samphanna

- Completion of survey and design plans for the Nongping new city area, as well as the area around the 450th Anniversary Road area and That Luang Lake
- Completed construction of the first section of Road No.10 (Don Noon to Thangon), ongoing construction of Road No.14 in Donokkoun to the 450th Anniversary Road in Na Kway, Road No.1E (Kaisone district to Huean Hin), construction of nine bridges, construction of road between Saychamphone and Tang Thuy in Vietnam border area, National Road No. 1G and bridge between Junction No.9 and Dansavanh
- Preparation of basic infrastructure and various facilities to host the 9th Asia-Europe Summit, known as ASEM IX, that Lao PDR had the honour to host, and the meeting of municipalities of francophone countries, which was organized in Vientiane Capital, has been completed successfully; this included the improvement of Wattay International Airport, construction of the National Meeting Hall and construction of 50 ASEM villas in South Donechan as residence for the heads of state who attended the meeting
- Completion of the river bank protection construction in Ban Donkhyo phase 2, Nong Bok district, construction of Thakek district municipality concrete road phase 2, and construction of the Theun Hin-Boun power station expansion with production capacity of 280 MW.

In addition, a number of construction projects have been completed, including the third Mekong Bridge between Khammouan and Nakone Phnom and the 115 kV electricity transmission line connecting Pakson-Thakhek-Pakbor stations. The Xe Bangfai plateau area has been developed; roads No. 9 and 13 have been rehabilitated and maintained in order to be the centre of services and tourism along the East-West Corridors and the road connecting the Central and Southern Regions. Attention was paid to rehabilitating and recovering projects that were damaged by natural disaster in 2011, in conjunction with the promotion of production to ensure food security, particularly rice, maize, bananas, tobacco, etc. Achievements in production of these crops are evident in Vientiane Capital and Bolikhamxay, Khammouan and Savannakhet provinces. In addition, plantation crops have been promoted to supply to factories, especially sugar in Savannakhet province, which has the most outstanding sugar production, and cassava in Vientiane Capital, Bolikhamxay and Khammouan provinces. As well, organic vegetables, cash crops, industrial tree plantations, cattle, buffalo, pigs (farming), chickens, goats, and natural fish farming have also been promoted.

In addition, promotional policy on commercial production by all economic sectors, including the people, has been implemented by closely linking commercial agricultural production to the promotion of domestic and foreign investment in the processing industry. The development of services, tourism, education, health, skilled labour training and cooperation with foreign countries has been progressing well. All the provinces have focused on better implementation. The province with the lowest proportion of poor households in the Central Region is Vientiane Capital. Savannakhet and Bolikhamxay are the provinces with the highest reduction in the proportion of poor households compared to other provinces. In the Central Region, the proportion of poor households has declined to less than the national average.

**Table16: 7<sup>th</sup> Five-Year Plan Performance of the Central Region**

No.	Description	Unit	Target 7 <sup>th</sup> Five-Year NSEDP	Actual FY2010–11	Actual FY2011–12	Actual FY2012–13	Actual FY2013–14	Estimation FY 2014–15
1	Population size	persons	3,000,000	2,354,548	2,410,955	2,448,199	2,557,580	2,622,595
2	Population growth	%	2.00	2.09	2.43	2.18	1.92	2.38
3	GDP at annual prices	billion kip		29,694.32	35,973.43	43,826.13	49,862.32	57,253.37
4	Average GDP per capita	US\$per capita	2,200.00	1,415.76	1,684.86	1,869.23	2,055.65	2,380.24
5	Poverty rate	%		10.10	6.81	5.13	4.51	4.01
6	Economic growth rate (GDP)	%		12.69	12.19	11.98	11.69	11.83
	<i>Agriculture</i>	%		6.79	4.22	6.66	8.63	7.71
	<i>Industry</i>	%		18.00	13.90	15.28	15.97	16.29
	<i>Services</i>	%		11.08	20.96	23.49	12.63	13.35
7	Structure of the Economy	%	100.00	99.38	99.18	100.00	100.00	100.00
	<i>Agriculture</i>	%	23.00	34.86	31.65	29.12	28.12	26.91
	<i>Industry</i>	%	42.00	34.58	36.91	38.50	37.42	38.05
	<i>Services</i>	%	35.00	29.94	30.63	32.38	34.46	35.04
8	Labour structure	%		100.00	100.00	100.00	100.00	100.00
	<i>Agriculture</i>	%		55.83	55.33	56.25	55.63	61.82
	<i>Industry</i>	%		31.12	31.60	35.17	32.30	22.99
	<i>Services</i>	%		13.06	13.06	8.57	12.07	15.19
9	Workforce	persons		162,525	165,576	165,493	169,064	174,073
	<i>Agriculture</i>	persons		134,687	136,629	137,093	138,336	141,319
	<i>Industry</i>	persons		17,109	17,871	17,765	19,211	18,543
	<i>Services</i>	persons		10,729	11,076	10,634	11,517	14,212

Source: Planning and Investment Division of each province.

### 3.4.6.3 Southern Region

#### Economic Growth

It can be seen that the GDP of the Southern Region was 12.65 percent on average. By sector, agriculture and forestry increased from 7.08 percent of regional GDP in FY 2010–2011 to 7.68 percent in FY 2014–2015, industry increased from 16.65 percent in FY 2010–2011 and to 16.38 percent in FY 2014–2015, and services increased from 16.18 percent in FY 2010–2011 to 16.68 percent in FY 2014–2015, which has already achieved the target. Per capita income illustrated an increasing trend, from US\$ 851.50 in FY 2010–2011 to US\$ 1,630.04 in FY 2014–2015, which achieved the target. This is a result of advantages of location, the province being located in the economic triangle area, and improved

infrastructure for supporting production and cross-border trade. The proportion of poverty households decreased from 27.03 percent in FY 2010–2011 to 10.51 percent in FY 2014–2015, which is very close to the target.

The Southern Region of Lao PDR has a strategic location in the international economic triangle with significant potential for growth. The structure of the southern economy has been gradually shifting to industrialization but agriculture still remains the main sector: agriculture accounted for more than 40.81 percent in FY 2010–2011, then decreased to 32.96 percent in FY 2014–2015; the industry sector increased from 26.52 percent in 2010–2011 to 32.48 percent in 2014–2015; and the service sector increased from 32.67 percent in 2010–2011 to 34.56 percent in 2014–2015. The region focused on agricultural production in the plains areas along the Mekong River and in the Bolaven Plateau.

### Project Implementation and Outstanding Activities

In conjunction with infrastructure development, there are some projects that focused on production development in the Southern Region. These include:

- Construction and restoration of the irrigation system, encouraging and promoting people to do irrigated rice farming and plantation of cash crops such as cabbage, radish and cardamom, as well as raising livestock such as cows, buffaloes, pigs, chickens etc.
- Continuous development in accordance with the master plan on integration of the economic triangle, such as: completion of the road construction project from Thateng District to Beng village (funding from triangle area development project); completion of Road No. 14A (from Pakse Bridge to the Lao-Cambodia border), Road No. 15A; continuation of road construction from Sekong to Dakchung (16B), from Sekong-Dakchung-Vietnam border and the road from the ferry pier to new Kaleum district; and completion of the upgrading and renovating of Pakse airport. There are ongoing projects on road improvement between Ban Ka, Ban Hiang and Ja Ou in Soukhoumma district, Champasack province, the road along the east border between Savannakhet, Salavane and Sekong with a length of 48.95 km, Road No.26905 (S3 Border Mark) from Junction No.15 (Lalai checkpoint) to the Lao-Vietnam Border in Thua Tian Province with a length of 22.5km, the road connecting Ban Mun, Dak Pra, Dak Paner in Dak Jeung district (Sekong province) to San Xai district (Attapeu province) with a length of 93 km, the road along the Lao-Vietnam border from Panon village in Kaleum district (Sekong) to Ta Oi district (Salavan) connecting to the 5th Sekong Dam with a length of 101 km, Road No. 18A (Pakxong to Km52 village) in Attapeu.
- Construction and restoration of irrigation systems, such as upgrading Kengkongluang irrigation phase II, Xe Noy irrigation construction phase I and improving canals of Xe Pian irrigation.
- Continuation of construction of medium-low voltage electricity transmission lines to six villages along the Lao-Thai border, Soukhouma district (completed in four villages) and start of construction of transmission lines to 26 villages along the Lao-Cambodian border in Moulapamok district, Champasack province; completion of the construction of Xe Kaman 3 hydropower dam and continuation of Nam Kong and Xe Nam Noy hydropower dam construction.
- In collaboration with sectors, continuing to improve border trade services along the borders; development of tourism sites to attract tourists; continued attention on education and provision of educational equipment.

Through the implementation of these projects, the southern provinces have developed their agricultural production, industry and services, as follows:

- Champasack province is the province with the lowest household poverty rate in the Southern Region and in the whole country, while Attapeu's household poverty rate is the same as the national average. The outstanding agriculture products include coffee, beans, potatoes, tobacco and vegetables, with Champasak province having the highest production. Rubber plantation is in every southern province. In addition, the development of important regional districts such as Pakse, Saysettha, Lamarm and Saravan has been facilitating improved communication and transportation of goods and passengers. Districts that play important roles in connecting the Central Region with production areas and consumer markets in the Southern Region, Samakixay and Thathom (Attapeu), Khong Xe Don (Saravan), Thateng (Xekong), and Pakxong and Pathoumphone (Champasack), have been further developed and improved. Industrial food processing such as of coffee, tea and timber has expanded considerably; border markets have been developed in line with tourism development and promotion.

**Table 17: 7<sup>th</sup> NSEDP Implementation Performance in the Southern Region**

No.	Details	Unit	Plan Targets (2011–15)	Actual FY 2010–11	Actual FY 2011–12	Actual FY 2012–13	Actual FY 2013–14	Estimated FY 2014–15
1	Population	persons	1,400,000	1,238,525	1,306,635	1,334,889	1,362,586	1,379,427
2	Population growth	%	2.00	1.98	2.12	2.25	2.21	2.28
3	Nominal GDP	billion kip		10,150.79	11,908.88	22,267.22	24,592.59	29,822.59
4	GDP per capita	US\$per capita	1,300.00	851.50	1,059.50	1,257.75	1,455.40	1,630.04
5	Poverty rate	%		27.03	19.20	14.56	13.38	10.51
6	GDP growth rate	%		11.90	12.38	12.54	12.64	13.03
	<i>Agriculture</i>	%		7.08	8.18	8.75	6.70	7.68
	<i>Industry</i>	%		16.65	14.10	16.37	15.65	16.38
	<i>Services</i>	%		16.18	13.04	14.71	16.97	16.68
7	Economic structure	%	100.00	100.00	100.00	100.00	100.00	100.00
	<i>Agriculture</i>	%	30.00	40.81	37.97	37.70	38.16	32.96
	<i>Industry</i>	%	36.00	26.52	29.90	29.80	29.98	32.48
	<i>Services</i>	%	34.00	32.67	32.13	32.50	31.87	34.56
8	Labour structure	%		100.00	100.00	100.00	100.00	100.00
	<i>Agriculture</i>	%		55.94	51.24	71.80	43.56	40.57
	<i>Industry</i>	%		31.73	38.61	20.17	37.91	37.75
	<i>Services</i>	%		12.33	10.15	8.03	18.53	21.68
9	Workforce	persons		138,486	142,049	143,396	146,715	155,181
	<i>Agriculture</i>	persons		98,886	97,491	97,439	97,326	100,012
	<i>Industry</i>	persons		10,974	14,379	14,401	16,070	20,210
	<i>Services</i>	persons		28,626	30,178	31,556	33,319	34,959

Source: Planning and Investment Division of each province.

In summary, regional economic growth is unequal. The Central Region has the highest growth given its natural resource and human resource potential, being the centre of population and having better infrastructure. This difference is due to the fact that the Northern Region faces difficult conditions such as its mountainous geographical location, limited infrastructure development, and agriculture rely on natural rainfall. Nevertheless, the Northern Region has potential in energy, mining and tourism, as well as in border trade.

### **3.4.7 Public Sector Development**

#### **3.4.7.1 Legislative Body**

The National Assembly is the organization that supports and promotes strengthening of the government authorities. The National Assembly is also the highest authority elected by the Lao people. Over the past years, the National Assembly, its committees and members have actively taken forward the successes of each ordinary session of the 7<sup>th</sup> legislature to apply to the actual situation of the society by meeting with citizens, local authorities, military, police and ethnic groups in each election area in order to disseminate the success of the meeting, Party policy direction and state regulations, as well as the National Socio-economic Development Plan. Meetings with electorates have taken place in 8,974 electoral points throughout the country with the participation of 1,924,485 people, of whom 739,123 were women. In addition, people's comments and issues have been collected and reported to the Party-Government organizations and related sectors to improve and solve the problems in accordance with the Government's policy and laws.

The National Assembly has made efforts in improving and resolving grievances in a timely manner and in accordance with its status, rights and duties. During the past five years, the National Assembly received 5,818 cases (excluding those outstanding from the 6<sup>th</sup> Legislature), of which 3,817 cases have been resolved, equivalent to 92.11 percent of all cases. Most of the grievances are related to land and estate issues.

The 3<sup>rd</sup> ordinary sessions of the 7<sup>th</sup> National Assembly in June 2012 adopted the Law on Election of Members of the National Assembly and the amendment of 75 laws, 30 of which are newly developed, including the Law on Civilian, Law on Prevention of Terrorism, Law on State Property, Law on Sports and Physical Activity, Law on State Audit, Law on Cross-Border Trade and Law on Agriculture. Members of the National Assembly also endorsed the appointment of the President of the State Audit Organization. During 17 days of the 3<sup>rd</sup> ordinary sessions, several comments from the public were received through the National Assembly hotlines. Most of the comments were related particularly to public, social and economic sector management.

The National Assembly Standing Committee has endorsed a number of activities, including the replacement election of members of the 12<sup>th</sup> Constituency in Khammouane province, and ratified treaties and agreements that Lao PDR is party to in accordance with the request from the Government, such as ratification of the Agreement on Forestry Coordination between ASEAN Governments and the Republic of Korea, Agreement on the Emergency Reserves between ASEAN+3, Multilateral Agreement on the Establishment of the International Convention for Landlocked Developing Countries, the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, WTO accession, and others.

In addition, the National Assembly has also considered and resolved a number of issues such as retroactive exemption on some issues for the Lao International Commercial Bank Public Ltd (BCEL Public), railway project from the China–Lao PDR border (Boten Luang Namtha- Vientiane Capital) and Mekong hydropower project in Sayabouly province. The National Assembly also issued Lao nationality for 189 foreigners (19 female) and gave pardons to 2,278 prisoners, 450 of whom were female (2012) and 9 were foreigners, 8 of whom were female.

### **3.4.7.2 Administrative Organizations**

State administration has been improved in several respects, including improvement of organizational structure and regulatory framework to enable the development of state administration, social organization and population management in order to successfully operationalize the policy direction of the Party-Government. The outstanding structural reform has been illustrated through the establishment of the Government Office, Ministry of Home Affairs, Ministry of Science and Technology, Ministry of Post and Telecommunication, Ministry of Education and Sports, Ministry of Information, Culture and Tourism, and Ministry of Natural Resources and Environment, and the establishment of Xaysomboun as a new province and four additional districts, which brought the total number of districts to 148. The improvement of administration includes improvement of provincial administration regulations, in the process of a proposal to the Government to categorize the level of remoteness across the whole country.

There is an endorsement of 140 associations throughout the country and nine community foundations.

There is successful implementation of the Law on Family Registration and Law on Families by issuing the implementation agreement on registration of births, deaths, marriage and divorces to manage the population more systematically. Additionally, there are geographic plans developed in Xaisomboun province, the Southern Region and Samneua and Viengsay districts; geographic mapping was completed in Lamam district (Sekong province), and Saysetha district and Sanamxay district (Attapeu province).

Despite the above-mentioned successes in the implementation of the public administration development plan, there are some outstanding issues, such as: the dissemination and enforcement of legislation is still limited; some legislation still contains loopholes and is not tight enough, for instance, the recruitment of new civil servants is not yet in accordance with the regulations, resulting in unsuitable appointments; the preparation of the civil servants development plan has not been systematic and has not yet met the demand.

### **3.4.7.3 Judiciary**

#### **People's Court**

The focus has been on political training for judges and officials of the People's Court to have the right legal attitude and be transparent, responsible and honest with the tasks. In addition advocacy, dissemination and training on various laws have been conducted, such as Law on Civil Case, Civil Procedure, Case Procedure for Copyright and International Trade in order to ensure compliance with the World Trade Organization (WTO) requirements and preparation for integration of the ASEAN Economic Community (AEC). In addition, the improvement of the content of the Law on Civil Procedure and draft on juvenile case procedure has been completed. The People's Court has also reported to the National Assembly to consider establishing a labour court committee and preparing for establishing an administrative court committee.

The people's courts are to protect the legitimate rights, to ensure strictness, fairness and justice to protect the citizens and exercise their rights under law. During the past two and a half years, 36,492 cases have occurred and there are 37,846 pending cases; of these, the court resolved and settled approximately 36,076 cases, equivalent to 95.32 percent of all cases, whereas the Plan target is 85 percent. The most frequent cases are criminal cases: the 19,151 criminal cases are equivalent to about 50.6 percent of total cases; these especially concerned possession and selling of illicit drugs. There are 19,151 civil cases, accounting for about 30.6 percent of total cases, and these are especially about land disputes (11,583 cases) or are trade-related (1,907 cases), and mostly concern loan agreement. Apart from this, it has been observed that families cases are occurring in many societies and are tending to increase, causing impacts on family life, customs and traditions and culture. There are 4,296 of these sorts of cases; children's cases relating to theft of civilians' assets and use of illicit drugs consists of 881 cases; labour-related issues consist of 28 cases relating to the wage and agreement. Therefore, capacity building for administrative authorities and tribunal staff is very important to improve the case proceedings and prevent social problems so that they gradually decline, by upgrading training for the local people's courts chancellors, and to upgrade the knowledge of judges across the country to provide them with clear understanding of case procedures.

Along with the above-mentioned achievements, there are multi-dimensional challenges. In particular, there are still complaints from the society in respect of some cases that have been resolved by the court but have been appealed for re-opening of the proceedings. Such cases show that the judgment quality is not strong. The basic infrastructure has not met the requirements; only 17 areas have permanent offices but there remain 39 areas needing people's court offices.

### Prosecutor

Progress has been made in accordance with four programmes and 19 projects in developing prosecution, particularly on capacity building on professional skills and political thinking. For instance, training has been organized for Director and Deputy Director of the Public Prosecutor in 39 areas across the country; seminars to monitor and inspect criminal and civil cases were organized in three parts of the country, which helped improve the administration to be stronger and smoother and more transparent. Moreover, research and development of three fundamental curriculum on public prosecutor work has been completed: a training curriculum for officials, covering 95 percent of all officials; curriculum on writing techniques in preparing a declaration, recording sentence, and monitoring law enactment; and curriculum on IT in recording statistical data with a computerized system. There has been inspection of any violation of laws in place for detention, detention facilities, rehabilitation centres and rehabilitation camps. There are 28,403 criminal cases, equivalent to 98.78 percent of all cases, and 1,304 civil cases, equivalent to 99.24 percent of all cases, which have been resolved at the beginning level; 1,646 criminal cases were resolved at appellate level, equivalent to about 99.58 percent of all cases; 2,980 civil cases were resolved at appellate level (98.64 percent), and 619 criminal cases (100 percent) and 1,644 civil cases (96.31 percent) were resolved at the final stage. This shows the quality of the settlement of cases has gradually improved, reducing negative social response.

Besides capacity building for staff, there has been improvement in the organizational infrastructure of prosecution at each level, as well as provision of necessary equipment, such as construction of zone 1 office in Xay district in Oudomxay, zone 2 office in Phaoudom district in Bokeo and zone 1 office in Sikhottabong district in Vientiane Capital. Construction of other remaining office building is scheduled in the coming years.

### **3.4.8 Implementation of “Building province as a strategic unit, district as a strong comprehensive unit and village as a development unit”**

Implementation was in pursuit of the Resolutions of IX Party Congress, particularly stability building for the People’s Democratic Republic state and promoting local ownership. Therefore, the Party’s Central Politburo issued the Resolution No.03/PCP dated 15 Feb 2012 regarding “Building province as a strategic unit, district as a strong comprehensive unit and village as a development unit” and the Government issued the Prime Minister’s Instruction No.16/PM dated 15 June 2012 regarding identification of 15 ministries, 51 districts and 108 villages for piloting from 2012 to 2013. Through three years of the implementation, various sectors at central and local levels, together with the population, have put their attention to the practical side of the 3-builds, which are the contributing factors in the development of local infrastructure and overall change, which can be seen as follows:

- Target ministries and all provinces developed legislation with regard to the division of responsibility between central and local levels, and between provinces, districts and villages, especially on benefit sharing on revenue and expenses management at the local level and budget allocation at the district level. There has been a committee in charge of supervising piloting activities in each sector and locality, acting as a focal point for coordinating, supporting and monitoring the actual progress of target districts and villages, particularly the division of responsibility to each level that resulted in gradual increase in local ownership.
- Fifteen target ministries have sent their officials for local visits, both short and long term, in order to build stronger localities, especially in the areas of administration, justice, district- and village-level fund management, and to build a socio-economic development plan and manage government-invested projects at village level.
- Patriotism competition was encouraged and development village built, to actively support the 3-builds works nationwide.
- 943 government-invested projects were implemented at the 3-builds district and village levels, with total investment funding of 248 billion kip, to support and build conditions for various developments.
- The Policy Bank has supplied loans to people for the amount of 261.65 billion kip to promote commercial productions.
- Party organization and those at village level as well as other working units within the experimented 3-builds villages have been reorganized for the sake of all aspects, strengthening political thinking, leadership and management working styles, implementation of support policy towards unwaged staff and encouraging greater sense of ownership and responsibility of staff at village level.
- The potential of localities has been explored and expanded, especially the increase in goods production; organization of production groups linking with professionals, bank credits and marketing also increased. Granting of ownership, responsibility and interest sharing to targeted districts and villages has been started; especially, the collection of income for the national budget increased in every district and the targeted 3-builds villages.
- Poverty reduction of the population and the construction of development villages have progressed, as shown in poverty evaluation and development results from Decree 309/PM in 2014, that there remained only four poor villages (Saiphuttana village, Sing district, Bokeo province; Phienghong

village, Nonghad district, Xiengkhouang province; Pajudon village, Taoy district, Salavan province; and Xiengluang village, Dukkong district, Xekong province). There are 1,322 poor families, 82 development villages, 109 crime-free villages and 98 traditional villages.

Nevertheless, the actual implementation has been slow and was not sufficiently effective due to the legislation on delegation of authority and responsibility of some central sectors still being too general, some localities did not take ownership at their local level and were waiting for instruction from the central level; there is limited capacity of district staff in developing financial management and a district staff plan; the identification of the pilot districts and villages was not in accordance with the conditions of the resolution and the instruction from the higher authorities; and, at the same time, the dissemination of the resolution and instruction at the local level was delayed, leading to weak practical implementation by local people.

### **3.4.9 National Defence – Security**

#### **3.4.9.1 National Defence**

Staff have been reassigned to local grass-roots level to build a strong political foundation coupled with rural development while also continuing to be comprehensive national defence forces at the local, Kum Ban and village levels, to strengthen professional capacity as well as be prepared to fight against harmful deception by ill-intentioned people. The armed forces have been gradually improved and strengthened and are able to contribute to national defence and development. In order to modernize the defence forces and meet the demand, vehicles and defence equipment were provided with improved technology. Attention has been given to monitoring and control of the border, marking boundaries, and providing assistance to the armed forces along the border. In addition, the sector also contributed to security during important meetings and sport games, including the 9<sup>th</sup> Asia-European Summit in 2012, 16<sup>th</sup> ASEAN University Games 2012 (U16 ASEAN Games), 7<sup>th</sup> Cambodia–Lao PDR–Myanmar–Vietnam (CLMV) Summit 2013, and others.

#### **3.4.9.2 Public Security**

In order to ensure peacefulness and safety in the society as well as in the country as a whole, so as to provide an enabling environment for socio-economic development, the public security sector continued to implement various government instructions and resolutions. The focus has been on resolving social drawbacks and actively fighting crime. As a result, a number of criminal gangster operations were dismantled and the gangsters punished according to the law, which consequently led to less crimes in the big cities. Priority infrastructures have been improved, such as the public security headquarter camp system at district and provincial levels, mobile camping troop, prison system, training buildings, schools, hospitals, etc. Seminars and lectures have been provided to villagers and youth to avoid wrong-doing and raise awareness on self-protection; problems with illicit drugs are continuing to be solved; security forces have been reassigned to all Kum Ban throughout the country and to strengthen human resources in the public security sector to ensure overall political stability; staff continue to be dispatched to local levels to develop villages as well as improve village security forces. Additionally, 5,000 villages were announced as case-free villages and 5,200 villages as drug free. A proposal has been submitted to the

Government to approve the project which aims to establish an electronic identification card (smart card). Also, effort has been made to reduce accidents on the road, which resulted in a number of accident cases being quickly settled according to the law. The sector also contributed to increased security during important meetings and sport games, including the 9<sup>th</sup> Asia-Europe Summit 2012, 16<sup>th</sup> ASEAN University Games 2012 (U16 ASEAN Games), 7<sup>th</sup> Cambodia–Lao PDR–Myanmar–Vietnam (CLMV) Summit 2013, and others.

### **3.4.10 International and Regional Cooperation**

#### **3.4.10.1 Cooperation with Development Partners**

Following the direction on foreign affairs, peace, independence, friendship and cooperation, the Government of Lao PDR widely opened development and economic cooperation with foreign countries, enhancing the effectiveness and efficiency of the cooperation with friendly countries and strategic partners to contribute to the socio-economic development in each period.

Overall, the cooperation with the development partners has made significant progress in all areas, especially in the framework of bilateral cooperation. Despite economic and political crisis in Europe, Development Partners have reaffirmed continued commitment. Bilateral cooperation is mainly for infrastructure construction, telecommunications, water and sanitation, construction of schools and hospitals, and short-term scholarship inside and outside the country. Lao PDR developed strategy and mechanism for coordination based on the NSEDP in each period.

Cooperation within the United Nations has expanded regularly. Here the most outstanding achievement has been the endorsement by Lao PDR of the United Nations Development Assistance Framework 2011–2016 (UNDAF), which mostly aimed at strengthening governance, legislation, health, education, UXO clearance, agriculture and nutrition, environmental protection, trade and humanitarian assistance.

Cooperation with international institutions has also improved with the Government's leadership in organizing consultations and development of cooperation strategies, such as the cooperation strategy with the ADB, World Bank (WB) and International Fund for Agriculture Development (IFAD) to set out the programmes/projects in need of ODA that are reflecting the local needs in each sector. In parallel, there is a new trend in public debt servicing, as the international financial institutions have shifted their assistance from 50 percent of grants and 50 percent of loans to 100 percent loans; ADB started this scheme in mid-2013, WB has been operating it since mid-2015 and IFAD will do so in mid-2016 and onwards.

#### **3.4.10.2 Cooperation within ASEAN Framework**

Lao PDR joined AEC in 2015. The measures implemented include reduction of tariff rates as specified in the Common Effective Preferential Tariff (CEPT) scheme, with Lao PDR having a total of 9,558 tariff lines in compliance with the agreed ASEAN tariff code in 2007. In 2012, there were 9,110 tariff lines with tariff lower than 5 percent, equivalent to about 95.31 percent of total tariff lines, of which, 7,525 tariff lines are under 0 percent tariff, equivalent to 78.73 percent of total tariff lines. For the new ASEAN members (Cambodia, Lao PDR, Myanmar and Vietnam), there is a prolonged timeframe for tariff reduction up to 2018; currently, a preliminary tariff list has been established and is in the process of requesting approval from the Government. Lao PDR also accomplished updating the ASEAN tariff code from the 2002 version to the 2007 and 2012 version.

For trade facilitation, Lao PDR has participated in the ASEAN pilot project 2 with Indonesia and the Philippines **to allow business units to issue certificates of product origin themselves**, which is expected to be completed by 2013. Another important task is the elimination of non-tariff barriers, with a detailed implementation plan being developed and it is expected to start the implementation in 2013–2015. At present, there are still many cases related to non-tariff barriers that remain unresolved, especially the corn exported from Lao PDR and Cambodia to Thailand. In addition, Lao PDR has also participated in the Free Trade Areas of ASEAN–China, ASEAN–Japan, ASEAN–Republic of Korea, ASEAN–India and ASEAN–Australia and New Zealand.

Moreover, Lao PDR has implemented of the ASEAN Investment Area (AIA) since 1998. Lao PDR has ratified the ASEAN Comprehensive Investment Agreement (ACIA), which has been in effect since 29 March 2012. This Agreement is more comprehensive and inclusive than the previous ones as it is open, transparent and environmentally friendly. Being party to the Agreement has brought about significant benefits in attracting foreign investment into Lao PDR.

Additionally, Lao PDR has also participated in the negotiation on ASEAN Service Liberalization. The specification of service sectors is implemented in line with WTO sector classification, with 11 main sectors and 160 subsectors in total. Under the ASEAN Framework Agreement on Services, 10 main sectors and 128 subsectors will be liberalized. In Lao PDR, 89 subsectors were liberalized out of the total 128 subsectors of 10 main sectors. Regarding the negotiation on the commitment no. 9 and 10, which is ongoing, an additional 24 subsectors for each commitment will be liberalized by 2015 (in addition to the 89 liberalized subsectors mentioned above) to meet the target of 128 subsectors for the creation of the ASEAN Community.

### **3.4.10.3 Cooperation within the framework of the Greater Mekong Sub-region (GMS)**

During the past five years, there have been many outstanding achievements under the GMS cooperation framework, such as:

- The Action Plan for Flood and Drought Control and Management has been developed to establish the National Early Warning Centre under the ADB-GMS Programme
- MOU (TA 7582) was signed, on capacity building in an area of HIV/AIDS for the target provinces along the border, namely Phongsaly, Huaphanh, Bokeo, Luang Namtha, Oudomxay, Champasack, Saravane and Attapeu, with the Ministry of Health as a leading agency
- Priority areas have been determined for economic and social sectors, health, service, eco-system, and ethnic cultural tourism to produce a report and guidance on social and environmental assessment in the golden quadrangle area in the tourism sector
- The 3-S areas have been identified (Sekong, Sexan and Seprok Rivers) where strategic environmental assessment (SEA) will be piloted in the area of forest conservation project which covers three countries, Lao PDR, Vietnam and Cambodia
- Activities have been implemented under the ASEAN Sub-committee of Meteorology and Geography Programme (SCMG), such as installation of the early warning system on natural disaster and activities on disaster risk mitigation

- Capacity for monitoring of sanitary and phyto-sanitary (SPS) procedures in the GMS has been strengthened to facilitate trade, with the Ministry of Agriculture and Forestry being the lead agency
- The project on flood and drought risk management and mitigation was in the review process in accordance with the proposal from the relevant sectors and will be jointly implemented by the Ministry of Agriculture and Forestry and the Ministry of Public Work and Transport
- The GMS project on initiatives to reduce the impact of climate change on women has been implemented.
- Completed the Investment Plan in the GMS between 2012–2022

#### **3.4.10.4 Cooperation Framework in Mekong Agreement on Sustainable Development in the Mekong River Basin**

Achievements towards cooperation under the Mekong Agreement on Sustainable Development in the Mekong River Basin 1995 can be summarized below:

- Preparation of the Draft National Action Plan on Development in the Mekong River Basin 2011–2015 has been completed through operationalizing the IWRM-based Basin Development Strategy and using integrated natural resources management. This Action Plan will be the basis for the implementation by relevant sectors at the central and local levels in managing the Mekong River basin
- Translation of the IWRM-based Basin Development Strategy into a detailed programme on hydropower initiation plan
- Coordination with concerned sectors in preparing for decentralization of the International Mekong River Commission to relevant ministries and sectors
- Preparation of implementing cross-border activity in collaboration with Thailand and Cambodia through the project on Mekong Integrated Water Resource Management (Mekong IWRN Project)
- Completion of the study on hydrology in Xebangfai, which was carried out under the Information Management Programme pursuant to the Hua hin Declaration, with a few focused activities, as follows:
  - Translation of the Mekong River Development Strategy 2011–2015 into the National Mekong Action Plan
  - Attention focused on improving the weather forecast and flood early warning system in the Mekong River basin
  - Continuous review of the implementation of the approved regulations, in particular the regulation on information exchange and notification to inform each other, consultation and agreement issuance; the regulations on monitoring of the water usage, regulation on control of water flow in the Mekong River and regulation on water quality management
  - Opportunity for cooperation has been identified and developed with negotiation partners, development partners and other stakeholders in managing water resources and climate change
  - Regional and national programmes have been implemented, such as the programmes on river basin development, environment, climate change, information and knowledge management, initiation of sustainable hydropower, fishery management, agriculture and irrigation, river transport, integrated capacity building, and flood control and impact reduction.

### 3.4.10.5 Accession to World Trade Organization (WTO) Membership

- There have been 10 working group meetings and Lao PDR has responded to over 1,300 questions raised by the WTO member countries. In addition, bilateral negotiations have been concluded with nine WTO members: Australia, Canada, the People's Republic of China, Chinese Taipei, the EU, Japan, the Republic of Korea, Ukraine and the US.
- The achievement has been the accession to WTO membership on 2 February 2013 after 15 years of preparation and trade negotiations. This achievement reflects the outstanding results and direction of the Party and the Government in general, and of the Ministry of Industry and Commerce in particular.
- The WTO membership of Lao PDR is an integration into the international economy that provides opportunities for using basic domestic production factors such as land, water sources and other natural resources, etc. in production; however, challenges include trade competition, business development, technology, etc., thus calling for internal improvement by all sectors to deal with the future challenges.

## 3.5 Summary of Sector Achievements and Challenges

Set out below is a summary of achievements and challenges which have been taken into account in formulating the 8<sup>th</sup> NSEDP 2016–2020.

### 3.5.1 Summary of Achievements

1. Lao PDR has political stability, security and peace. The economy has been growing steadily, maintaining GDP growth of at least 7.9 percent annually. This has facilitated socio-economic development, especially business operations, production, services and investment. Lao PDR has progressed the preparation for graduation from LDC status. In 2011, the World Bank improved the status of Lao PDR from the Low Income Countries to the Lower-Middle Income Countries. Debt issues have been dealt with and are reducing to a level that is manageable.
2. Economic structural reform is shifting along the industrialization and modernization directions, which is resulting in a reduced proportion of the agriculture sector and increased proportions of the industry and service sectors in the GDP.
3. The implementation of the MDGs has made progress in many areas, including the resettlement and allocation of stable jobs for the people, and improved necessary infrastructure and social service network, resulting in the poverty rate being reduced to 23.2 percent in FY 2012–2013 (based on the Lao Economic Consumption Survey LECS 5).
4. The electricity network has been expanded widely throughout the country; in particular, it has been extended to rural remote areas, resulting in an increased proportion of families with access to electricity (89.6 percent of all families), which exceeded the five-year target (80 percent).
5. The business environment has been improved, including provision of facilitating services to entrepreneurs establishing businesses and requesting tax and business registration at the same time, while also reducing the business tax rate and time for import and export through the application of the tax and customs system (ASYCUDA) at the Friendship Bridge and Thanaleng border.

6. The vocational sector, especially the various levels of vocational training, has received greater attention and has been developed by both the State and private sector. It could supply quality labour to the labour market to some extent, reduce the unemployment rate and achieve labour balance in various sectors.
7. Women have played a very important role and have increasingly contributed to economic development. This can be seen from the economic growth rate, which is closely linked with the female labour rate, which covers half the total labour force. In addition, wages and skills of labourers are the main factor in attracting domestic and foreign direct investment.
8. Natural resources and environmental protection and utilization has been more effective step by step, in particular there has been an improvement of legislation relating to environmental protection and sustainable development, and capacity building for officials, organizations and academic institutes, including research and studies on improvement of environmental protection and management of conservation areas, wetlands and biodiversity.
9. Lao PDR has satisfactory achievements in international and regional cooperation. The most outstanding achievement has been the accession to WTO membership at the beginning of 2013. In addition, Lao PDR had received an honour to host the meeting on the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries, the 9th Asia–Europe Summit and the 7<sup>th</sup> Asia–European Parliamentary meeting in October and November 2012, the 6th Cambodia–Lao PDR–Myanmar–Vietnam (CLMV) Summit and the 4th Aryavady–Chaophaya–Mekong Economic Cooperation Summit in March 2013.

### 3.5.1.1 Reasons for the Successes

Reasons for the successes of the implementation of the 7<sup>th</sup> Five-Year NSEDP to date can be summarized as follows:

Political direction defined in each Party resolution, especially the IX Party Congress Resolution is correct and the leadership of the Central Party is in accordance with domestic and international environments.

1. The National Assembly and the Government considered and adopted the National Socio-economic Development Plan in accordance with rules and regulations. Sectors and sub-national governments have translated it into programmes and projects with available funding for implementation.
2. The Government has focused funding on various programs and projects, especially rural development and poverty reduction, development of the communications network, expansion of electricity to rural areas, promotion of commercial production linking it with employment generation, education and health development and overall expansion, by focusing on education reform, human resource development and promotion of living style that expands opportunities for education, improved health and sanitation, and skilled labour training, especially by allocating 17 percent of funding to the education sector and 9 percent to the health sector.
3. The people from all walks of life and businesses have contributed their support and participated in the implementation of programmes and projects.
4. International partners have continuously provided support.

5. All the above reasons contributed to the successful implementation of the 7<sup>th</sup> Five-Year NSEDP during the 7<sup>th</sup> NSEDP period and provide a very strong basis for progress towards the MDGs achievements by 2015 and exiting LDC status by 2020.

### 3.5.2 Outstanding Issues

In conjunction with the achievements, there remain shortcomings and outstanding issues, including:

1. Although political trainings have been carried out continuously and at several levels, thorough awareness and understanding the Party's directions has yet not been fully realized. The most obvious woe is the inability to achieve the "4-breakthroughs". The translation of the Party's resolutions into detailed programmes and projects that are suitable to the actual sector and local capacity is still slow.
2. There is a lack of inclusive socio-economic development and environmental protection; the development gap between urban and rural areas still exists. The macroeconomic situation is still vulnerable, with limited domestic savings. Many targets set out in the Five-Year Plan as well as the MDGs may not be achievable. Another important issue is the implementation of the policy on rural development and non-resource sector development, which is not yet adequately defined and implemented and thus results in increased disparities between rural and urban areas, between and within regions, especially in poverty, and real income is not yet distributed to the people in the remote rural areas. People in the rural areas still lack stable jobs and consequently they migrate into cities or abroad in hope to look for better jobs. These challenges require coordination between relevant sectors in order to achieve equitable development.
3. Acceleration of economic growth relies mainly on natural resources. But the management and utilization of the natural resources in many cases is still carried out in an unsustainable, wasteful and environmentally unfriendly manner. This has resulted in harmful impacts on the local people as well as the environment. Therefore, consideration must be given to this for the future development.
4. Commercial agricultural production was promoted unevenly; the production has a weak coordination with the processing industries and market demands. The policies and measures on commercial production have not been clearly determined and there is limited capacity to clearly identify niche products. In addition, there is a limited number of qualified and skilled officials in the local areas who can lead the actual implementation. A majority of the labour force has remained in the agriculture sector but with very low productivity due to limited capacity to shift to modern technological production, and there is limited coordination with the service sector, which caused a weak foundation for shifting into industrialization and modernization. There is limited agriculture extension service and undersupply of animal doctors or phyto-sanitation services.
5. Investment from the government budget still cannot meet development needs. Moreover, investment sometimes lacks focus and is not yet effective. Planning and fiscal discipline has not yet been strictly implemented, thus resulting in doubtful debt that has become a chronic illness and increasingly serious. Therefore, without proper solutions, the country can run into financial crisis. Many projects ineffectively utilized the external grants and loans, which caused projects to

have low effectiveness, be not sustainable and be unable to reach out the the people. One of the reasons is weak coordination within and between the sectors at the central and local levels.

6. Project appraisal for approval tends to be undertaken more frequently than monitoring and evaluating private investment projects, leading to ineffective and inactive implementation. The one-stop service to attract domestic and foreign investment in some sectors and provinces has not been efficient. Some legislation is not practical and not responsive to domestic and foreign investments, such as tax law and value added tax law. In addition, necessary legislation still lacks incentives to promote investment in the revolutionary base, inferior locality as well as the Special and Specific Economic Zones.
7. State-owned enterprise development has not been strong enough and is not yet capable of being a model for other enterprises, while the competitiveness of private enterprises, especially SMEs, is not yet high. The investment environment in Lao PDR still cannot respond to all investment demand as evidenced in the lack of legislation in supporting and protecting investors and access to credits.
8. Dissemination of trade integration policy is not wide, resulting in limited understanding by entrepreneurs on integration and a suitable response mechanism.
9. Human resource development has been promoted by both the private and public sectors but the quality is still low. Labour lacks necessary skills and human resource development is not linked to the demand for socio-economic development, especially in the area of SMEs under the condition of the ASEAN Economic Integration and accession to WTO membership.
10. It can be observed that social drawbacks have been increasing, such as issues related to corruption, illicit drugs, robbery, burglary, family disputes especially and other social problems.
11. The rule of law has not yet been strongly enforced. Strict compliance by the authority and the people has not yet been adequately. At the same time, there have been many complaints from the people about the land use and land title. The court decisions have not yet been effective and ensured justice.
12. Technology and information has expanded widely, but Lao PDR still lacks proper management measures, which caused adverse interference from external parties. If Lao PDR does not set up appropriate measures, it will leave space for opportunists to use information and technology against the country, as has happened in many countries already.
13. There is a slow progress in implementing the break through on regulations and governance. The outstanding issue concerns macro-management. Coordination between ministries and between central and local agencies is still weak, not harmonized and not supportive. At present, the government body is gradually expanding but quality and effectiveness are still low.
14. There are many pending issues in the social welfare area. There is no practical measure to encourage the general public to appraise the good deeds brought by officials, army and police who sacrificed their lives for the revolution. Moreover, there are complaints by the people on the healthcare service for the elders, people without shelters and the underprivileged.

15. Millennium Development Goals: Although there has been progress on many fronts, some targets need special focus in order that they be achieved as planned, especially the malnutrition, retention rate at primary school, lower secondary school enrolment rate, proportion of girls to boys in all levels of education, infant and under-5 mortality rate, forest cover and UXO-related indicators.

### 3.5.2.1 Reasons for Shortcomings and Outstanding Issues

1. There has not yet been fully awareness of party policies and government programmes. The responsibility and leadership of some central and local sectors is not solid as they do not entirely foster one's contribution to the national development. Coordination within the sectors and between sectors and provinces is not yet smooth and in many cases is just minimal.
2. There is a significant demand for sectoral and provincial development but funding is still limited, resulting in unethical and illegal actions.
3. The government's socio-economic development management is not yet wholly effectiveness. The disciplinary measures, especially planning-budgeting disciplines, is not strictly implemented.
4. The external environment, especially world economic development, the fluctuation of global fuel prices, which are difficult to estimate, and natural disasters, is a barrier to socio-economic development of the country.
5. The development role model at the local levels is still limited and not yet sufficient. Agricultural production in some local areas still faces the problem of markets not being able to absorb the products and thus does not stimulate families and the people to produce for commercial purpose.

### 3.5.3 7<sup>th</sup> NSEDP Lessons Learnt to be Applied to 8<sup>th</sup> NSEDP Design

1. Having faith in the party's new directions is needed in order to translate them into actual practice alongside the implementation of the "4-breakthroughs": breakthrough on mindset, human resource development, administrative regime and poverty reduction. Therefore, more resource mobilization is critical to support socio-economic infrastructure, ensure the political stability, peace and social order, and harmonization among all ethnic groups in the nation. All of these are the key factors for stimulating socio-economic development and improving people's livelihoods.
2. Lessons from sustainable development:
  - Sustainable development is the evolution of comprehensive development, which is considered a new target and method of socio-economic development to promote inclusive development. The aim is to maximize balanced development and environmental protection. In sustainable development, economic sector plays a key role while the social and environmental sectors are as necessary. At the same time, there is a need to ensure that economic development, national defence and public security are intertwined.
  - All sectors are essentially involved in the socio-economic development under the market economy mechanism with the government administration. It is important to increase the coordination between economic growth and employment generation to reduce poverty by promoting SMEs quantitatively and qualitatively, for them to become a firm economic

foundation and generate employment while providing the favourable condition for them to access finance services, to continue to improve and construct the basic infrastructure in the rural areas to improve people's livelihoods and to create the conditions for narrowing the unequal access to the public and private services.

- It is essential that the labour supply and demand are coordinated according to the national development policies and Plan while it is essential that the availability of basic infrastructure development is aligned with the actual situation, to serve the people's demand and investment availability.
- The production chain and networks, as well as coordination among all sectors, need attention in order to build the economic relations between the villages, districts and provinces. This will be a factor that underpins the regional and international economic integration while enabling sector development coordination and reinforcement.

3. Lessons learnt from macroeconomic management:

- Maintaining stable macroeconomic factors (such as inflation below the economic growth, manageable exchange rate, strong revenue basis and effective expenditure, trade balance, employment generation, etc.) is an essential factor for socio-economic development as well as to improve people's livelihoods.
- Identifying the characteristics, opportunities and hidden potential of each sector and province in conjunction with inclusive and balanced economic management and planning are foundations for continued and stable growth.
- To ensure robust and sustainable economic growth, it is important to promote local commercial production and product diversification, targeting the application of modern technology in product processing that is aligned with the market demand, and to promote SMEs to grow more outstandingly.
- Socio-economic development based on a market economy mechanism that is managed and regulated by the Government with a comprehensive system is a key for the development of socialist orientation.
- The public investment programme should focus more on the necessary basic infrastructural construction for the development and improvement of the people's livelihoods, and ODA mobilization and utilization with ownership, high responsibility, transparency and high effectiveness. In promoting both domestic and foreign private investment, it requires improvement on the investment climate with high ownership and responsibility with comprehensive legislation and regular monitoring and reporting of the implementation including the lessons learnt.

4. Lessons learnt from the process of rural development and poverty eradication of multi-ethnic people:

- Building a political foundation from the grass-roots level and rural development shall follow comprehensively the 4 concepts and 4 targets, in a continuous and prioritized manner by

boosting the economy domestically and internationally. Explore and use local potentials and uniqueness to develop rural areas and address poverty for the people; sectors, provinces and even the people in all classes shall jointly raise accountability and place emphasis on politics and development of the rural areas to be a battlefield for the national development and become a fundamental factor for rural development and poverty eradication.

- Rural development and poverty alleviation need to be closely linked to the 3-builds activities and shall continue to be carried out with high results.
5. Lessons learnt from personnel development, and translation of the policy and resolutions of the Party and Government into the socio-economic development plan, programmes and projects:
- Human resources are a determinant for the national development. Therefore, the focus should be on the quality and quantity of human resources development in a productive and regular manner.
  - Capacity building for the officials in leadership and skill of guidance in the actual technical work is needed, especially capacity building for the party leadership at each level on translating the directions and policies into detailed action plans, programmes and projects based on the characteristics and potential of each area aiming to contribute in achieving the national development goals.
  - Sectors and provinces that translate policies, resolutions and orders of the Party and Government into socio-economic development plans thoroughly, regularly and widely to their staff and people will ensure common understanding will lead to better performance.
  - The harmony between national socio-economic development plans and sector and provincial development plans is key to achieving the development goal, taking into account the nature, characteristics and potential of each sector and province. However, if the implementation of the development projects by the sectors and localities is not consistent and harmonized with the goals and directions of the NSEDP and is not focused, it will certainly cause unsuccessful attempts to perform the targets. Therefore, identification and consideration on development projects must be consistent with the goals and direction of the NSEDP.
6. Lessons learnt from the rule of law:
- Improving and developing legislation to comply with the current conditions to protect the rights and interests of the country is necessary; disseminating laws and regulations to the people in the society is required unified utilization.
  - Improving the organizational structure to be more simplified and suited to actual conditions is essential.
  - Determining the roles and responsibilities of each level of organizations clearly and disseminating them with guidelines to stakeholders to generate common the understanding is an important factor of practical implementation with high results.
  - Coordination within and between sectors and provinces along is a key to achieving the national overall objective.

7. Lessons learnt in regional and international economic cooperation and integration:

- Continued the implementation of the Party's directions on international cooperation, peace, independence and friendship. It is essential to continue the cooperation with ASEAN member states, friendly countries and international organizations, particularly in enhancing the relationship and unity with strategic countries to strengthen the national defence and development.
- In the cooperation within the AEC and WTO, it is essential to increase the competitiveness of the local firms in joining the AEC, to continue developing infrastructure to facilitate the growth of business and human resource development, and especially to start from families. The creation of favourable economic, social and cultural conditions gives entrepreneurs access to opportunities to do business. Improved monitoring, evaluation and reporting of the socio-economic development plan implementation considering the actual situation are necessary tools to implement this socio-economic development plan efficiently and verifiably.



# **PART II**

## **8<sup>th</sup> NSEDP (2016–2020)**

## **4. CONTEXT OF 8<sup>th</sup> NSEDP**

### **4.1 Favourable Environment**

#### **4.1.1 Regional and International Context**

Global economic integration and cooperation have been strengthened, in the context of a highly competitive global economy. Many countries have become international organization members, for instance, of WTO, AEC and so on, increasing trade, investment and service. Development partners and international organizations will continue to provide aid to underdeveloped countries. Research and the application of technology and science has helped to increase productivity and service efficiency. Public and private sector investments in developing countries have significantly increased, leading to economic growth in the medium term. It is anticipated that the global economy will grow at the rate of 3.1 percent in the period 2014–2019; the People's Republic of China's growth is highest at 5.9 percent, followed by India and other ASEAN nations, at 4.8 percent.

#### **4.1.2 Domestic Context**

Our country has political stability, the society is secured and in good order, the people are in unity and solidarity, and the market-oriented economic reforms have brought social development and growth.

Our country also has abundance of natural resources, i.e. land, mineral ores, water resources and forests, to be exploited for socio-economic development, for instance, hydropower development, agro-irrigation systems construction, clean and organic toxin-free agricultural production, mineral processing and tourism sites development. Native intellectuals have also been developed for economic purposes. The country has geographic location advantage for commercial goods transportation in terms of transit service to other GMS countries: Kampuchea, China, Myanmar, Thailand and Vietnam. On top of these, legal instruments have been ameliorated and certain new ones have been created, which will engender favourable factors to facilitate socio-economic development.

The membership of WTO and AEC will enhance opportunities to bring more investments, trade and services to Lao PDR as well as to learn from experiences and lessons in technology and culture which will generate advantages for further socio-economic development of the country in the medium and long terms.

### **4.2 Anticipated Challenges**

#### **4.2.1 Regional and International Context**

Up until the present, even though there are signs of a certain level of global economic recovery from financial and economic crisis, it is expected that the regional and global economic situation will keep changing in the next few years; political problems and disputes will persist and will not be solved in many regions, causing regional and global socio-economic stability obstacles.

Economic integration and cooperation, such as entry into AFTA and AEC, will bring more competition. Global weather changes could cause natural disasters, for instance, storms, earthquakes, droughts, chill and floods, creating socio-economic impediments all over the world.

#### **4.2.2 Domestic Context**

Our country's economic base is still fragile and despite efforts made to improve the business environment and promote private sector investment in the non-resource sector, Lao PDR is still ranked very low in the World Bank's Doing Business survey 2015, as 149<sup>th</sup> out of the 189 surveyed countries. Commercial goods production is not yet developed and diversified and production groups organization is still limited and sensitive to external factors such as goods price changes and international competition. One of the main challenges is the investment climate and quality of FDI, especially to ensure technology transfer and job creation.

Disparities between urban and rural areas, and inter-provincial and inter-regional developments still exist and the gap between the poor and the rich is still large. The 8<sup>th</sup> Plan will need to address sustainable, equitable and inclusive growth by better understanding the needs of vulnerable groups and targeting them effectively through policy interventions. Issue pertaining to urbanization, such as waste management, traffic safety, migration and other socio-economic issues associated with rapid urbanization are also challenges to be addressed.

There are limited human resources, skilled labour development, knowledge and capability among the public and private sector staff, which cannot meet the requirements of the regional and international economic integration. Sufficient, predictable and sustained investment is required to improve the quality of and access to basic social services in health, education, nutrition, water, sanitation and hygiene, and social protection, to sustain current progress and to ensure the equitable distribution of the benefits of growth. Our private sector's competitiveness is not high enough.

The 8<sup>th</sup> NSEDP will need to lay out the main pillars of the sustainable development strategy of Lao PDR, which include an increasingly integrated market economy, with sound macroeconomic policies, highly skilled labour, functioning institutions and strong basic infrastructure. There are many challenges which stand in the way of implementing such a strategy, including limited development funds and high public debt, and insufficient and weak institutions and legal framework. Social drawbacks persist. Climate-change-linked natural disasters such as droughts and floods are still occurring and remain as development impediments.

Lao PDR will need to respond to the transition from the Millennium Development Goals (MDGs) to incorporating the global development framework provided by the Sustainable Development Goals (SDGs), which are currently being finalized.

### **4.3 Population Policy Issues**

1. Lao PDR is facing considerable population growth. The population increased from 5.6 million to 6.49 million between 2005 and 2015. Growth of different age groups within the population will vary sharply. Over the 8<sup>th</sup> Plan period, the number of school-aged children (5–14) is projected to

decrease by 3.7 percent, while the working-age population is expected to increase by 10.6 percent and the elderly population by 10.1 percent.

2. Lao PDR has not yet completed its first demographic transition – the decline of both mortality and fertility rates to low levels, though it has been moving in this direction. The under-5 mortality rate had fallen to 79 per 1,000 live births in 2010–11, and should be able to meet its MDG target of 70, but it is less likely that the infant mortality target will be met. The total fertility rate of 3.2 (in 2008–11) was still more than 50 percent above replacement level.
3. Because the age structure still reflects the high fertility of the past, there are successively large cohorts moving up through the age pyramid. This leads to growth through “population momentum” – meaning that population will keep increasing long after fertility falls to replacement level. The changing age structure of Lao PDR’s population is leading to what is referred to as the “demographic bonus”; meaning that the proportion of the population in the working age groups will increase, so that there are fewer dependents for any one worker. Whereas in 2015 the dependency ratio will be down to 0.62, by 2030 it will have fallen to 0.51 and by 2045 even lower (0.43). It will start to rise slowly after 2050. Ageing of the population is not yet an issue for Lao PDR. The proportion of elderly persons is still very low (3.8 percent), and will only begin to rise rapidly after 2020. Even in 2050, the proportion of elderly people in Lao PDR will be lower than in Thailand today.
4. Lao PDR has a low population density (the lowest in ASEAN), but for good reason: much of the land is mountainous and cannot be cultivated. There appears to be roughly 1.1 ha of arable land per household, or about 1.7 ha of cultivable land per rural family; the latter will not decrease very much with population growth, as the population depending on agriculture is expected to remain roughly constant with increasing migration to the towns.

#### 4.4 Sustainable development

Sustainable Development Goals (SDGs): At present, the United Nations has defined the post-2015 development agenda and adopted it officially at the United Nations General Assembly in September 2015, which also marked the day of completion of the MDGs. The adoption of the post-2015 development agenda was collectively participated in by a large number of social groups and organizations through initiatives taken by the member states. As a result, a number of inputs have greatly contributed to the development agenda that contains a total of 17 sustainable development goals (international context). For Lao PDR, there are 18 SDGs.

The detailed SDGs for Lao PDR are: (i) End poverty in all its forms everywhere; (ii) End hunger, achieve food security and improved nutrition and promote sustainable agriculture; (iii) Ensure healthy lives and promote well-being for all at all ages; (iv) Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; (v) Achieve gender equality and empower all women and girls; (vi) Ensure availability and sustainable management of water and sanitation for all; (vii) Ensure access to affordable, reliable, sustainable and modern energy for all; (viii) Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; (ix) Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation; (x) Reduce inequality within and among countries; (xi) Make cities and human settlements inclusive, safe, resilient and sustainable; (xii) Ensure sustainable consumption and production patterns; (xiii) Take urgent action

to combat climate change and its impacts; (xiv) Conserve and sustainably use the oceans, seas and marine resources for sustainable development; (xv) Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss; (xvi) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels; (xvii) Strengthen the means of implementation and revitalize the global partnership for sustainable development; and (xviii) reduce impacts of unexploded ordnance in Lao PDR.

## 4.5 LDC Graduation

Graduation from LDC status is a key long-term objective of the Government and leadership of Lao PDR. The identification of LDCs is currently based on three criteria: per capita gross national income (GNI), human assets (HAI) and economic vulnerability to external shocks (EVI). To become eligible for graduation, a country must meet the threshold for two of these three criteria. In 2015, Lao PDR was estimated to have reached 99 percent on criterion 1, which is equivalent to US\$1,232 (threshold is US\$1,242), 92 percent of the graduation threshold of criterion 2 (Lao PDR HAI: 60.8, threshold: 66) and 88 percent of the threshold for graduation on criterion 3 (Lao PDR's EVI: 36.2, threshold: 32).<sup>14</sup>

Sustained levels of economic growth, as achieved in recent years, will be necessary to reach the per capita income threshold. High levels of FDI, particularly in the natural resources sector, can be expected to drive such growth. Government policies to diversify the economy beyond the extractive, natural resource-based industries are of critical importance in this regard. Based on this point, the recommendation is to give more emphasis to the non-resource and private sectors in the 8<sup>th</sup> NSEDP.

Fulfilling all MDGs by 2015 is a core objective of the Government and was an essential element of the 7<sup>th</sup> NSEDP. Despite increases in budgetary allocations to the education and health sectors, achievement of MDG 1, especially the target on hunger, MDGs 2 and 3 (secondary education and gender disparity and adult literacy) and MDG 4 (child mortality) is proving difficult. Achievement of MDG 7 (water and sanitation) is also required. The UNCTAD review of the status of Lao PDR's graduation efforts noted that nutrition of children and women of reproductive age is an issue of particular importance.

With respect to the third graduation criterion, Lao PDR is moderately economically vulnerable. Significant efforts have been made to strengthen the economy, including through building trade relationships with neighbouring countries. However, there is concern that the non-resource sector is not receiving the attention it needs and this calls for an inclusive, broad-based economy. Private sector development and infrastructure provision are required in the non-resource sector to create quality employment opportunities, enhance rural development and further reduce poverty. Agricultural productivity is still low and enhancing productivity is an essential ingredient for inclusive growth. Environmental management is needed not only to address the effects of climate change and strengthen resilience to natural disasters, but also to ensure that the social and environmental (and economic) impact of activities in the resource sector are fully understood.

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14 UNCTAD 2012.

## 5. Long-Term Plans: Vision 2030, Strategy 2025 and Main Directions for 2016–2020

### 5.1 VISION 2030

Based on national characteristics and situation as well as the international environment and the national development priorities, the Vision until 2030 consists of the following:

Lao PDR is ranked as a developing country with upper-middle income and with innovative, green and sustainable economic growth; there is availability of industrial pillars and a strong basic infrastructure system to support industrialization and modernization; the country systematically follows a socialist market economy; there is social justice, peace and order; people's livelihoods are improved and solidarity promoted; there are improved development disparities between urban and rural areas; there is improved human development that ensures all have access to quality social services; people's rights are protected under the effective rule of law, the administrative system is enhanced by following the 3-builds directive; there is environmental protection through efficient utilization of the natural resources to ensure sustainability; there is political stability and strength; the country is actively moving toward regional and international integration.

### 5.2 Ten-year Socio-economic Development Strategy (2016–2025)

The ten-year strategy takes account of the strategy to graduate from LDC status by 2020 and the strategy for the transition period of LDC graduation by 2025, The Ten-Year Socio-economic Development Strategy (2016–2025) consists of seven strategies as follows:

- i. Strategy on quality, inclusive, stable, sustainable and green economic growth
- ii. Strategy on LDC graduation by 2020 and progress on the SDGs
- iii. Strategy on human development
- iv. Strategy on sustainable and green environment with effective and efficient use of the natural resources
- v. Strategy to enhance government's role in social management under the effective rule of law
- vi. Strategy on regional and international integration
- vii. Strategy on industrialization and modernization.

### 5.3 Key Government Direction for the 8<sup>th</sup> NSEDP (2016–2020)

Government has indicated<sup>15</sup> that the directions of the 8<sup>th</sup> NSEDP should be to:

1. Ensure that continued economic growth with quality and macro-stability is achieved; budgeting goes hand in hand with development targets and consistent with the new environment of industrialization and modernization;
2. Ensure sustainable development with harmonization among the economic development and socio-cultural development and environmental protection; be prepared to handle natural disasters in a timely manner; ensure integrated rural development has a strong link to poverty reduction through implementation of the 3-builds directive;
3. Strengthen human resource capacity by improving workforce skills, encouraging the workers to be more disciplined and tolerant; increase the number of technical experts and specialists; enhance the technical and professional capacity of civil servants, the private sector and entrepreneurs to enable them to compete within the country and abroad;
4. Maintain political stability, peace and social order; embed solidarity, democracy, justice and civilization in the society; and
5. Actively continue widening international cooperation with ownership in various forms oriented towards benefit for all, enhancing favourable conditions for regional and international integration.

The lessons learnt from the 7<sup>th</sup> NSEDP implementation and an assessment of other key factors as described above, along with the guidelines provided in the Prime Minister's Instruction No.24/PM, dated 7 May 2014, have been organized into an analysis of the problems and opportunities that underpin continued Lao PDR development. The information currently available from the sources described allows the formulation of an overall goal and associated outcomes of the 8<sup>th</sup> NSEDP, together with the identification of the outputs, targets and performance indicators, as follows.

## 6. Overall objective, Outcomes and Outputs of the 8<sup>th</sup> NSEDP

### 6.1 Overall objective and objective-Level Performance Indicators and Targets

**The Overall Objective** is to ensure political stability, peace and order in the society; the poverty of the people is reduced significantly in all areas; the country is developed out of LDC status by 2020 through continuous, inclusive and sustainable growth; there is effective management and efficient utilization of natural resources; development is enhanced through the national potential and advantages; Lao PDR participates in regional and international integration with ownership.

15 Prime Minister's Instruction No.24/PM, dated 7 May 2014, regarding the formulation of 2030 Vision, the Ten-Year Socio-economic Development Strategy (2016–2025) and the National Socio-economic Development Plan VIII (2016–2025).

**Table 18: Overall Objective-Level Performance Indicators and Targets**

8 <sup>th</sup> NSEDP Design Summary	Baselines	Performance Indicators, Targets
<p><b>OVERALL OBJECTIVE</b></p> <p><b>To ensure political stability, peace and order in the society; the poverty of the people is reduced significantly in all areas; the country is developed out of LDC status by 2020 through continuous, inclusive and sustainable growth; there is effective management and efficient utilization of natural resources; development is enhanced through the national potential and advantages; Lao PDR participates in regional and international integration with ownership.</b></p>	<ul style="list-style-type: none"> <li>Poverty rate 23.2% 2012/3 (LECS 5)</li> </ul>	<ul style="list-style-type: none"> <li>Poverty rate 10% by 2020</li> </ul>
	<ul style="list-style-type: none"> <li>Baseline: 2015 UNCTAD assessment of progress: Lao PDR at 99% of the requirement for graduation in terms of GNI per capita.</li> </ul>	<ul style="list-style-type: none"> <li>Composite score adequate for eligibility for graduation from LDC status (as advised by UNCTAD)</li> <li>GNI per capita higher than US\$1,574 by 2018 and at or higher than US\$ 1,810 by 2021</li> <li>For Lao PDR, by 2020 to achieve GDP per capita at US\$3,190 and GNI per capita at US\$2,520 (Atlas), applied exchange rate of 8,300 kip/US\$</li> </ul>
	<ul style="list-style-type: none"> <li>Baseline: average annual growth rate of 7<sup>th</sup> NSEDP (8%)</li> <li>Baseline: annual non-resource sector contribution in GDP (5.3%) during 7<sup>th</sup> NSEDP implementation period</li> </ul>	<ul style="list-style-type: none"> <li>Real GDP growth not less than 7.5% pa on average</li> <li>Agriculture growth 3.2%, 19% of GDP</li> <li>Industry growth 9.3%, 32% of GDP</li> <li>Services growth 8.9%, 41% of GDP (excl. import tariff)</li> <li>By 2020, non-resource sector contribution in the GDP increase to more than the average contribution in the GDP during the 7<sup>th</sup> NSEDP</li> </ul>
	<ul style="list-style-type: none"> <li>Baseline: revenue achieved during last four years of 7<sup>th</sup> NSEDP 99,549 billion kip, 24.51% of GDP (7<sup>th</sup> NSEDP target: 19–21% of GDP)</li> <li>Budget revenue: 76,648 billion kip, 18.87% of GDP during last four years (7<sup>th</sup> NSEDP target: 16–18% of GDP)</li> <li>Expenditure 118,639 billion kip, 29.21% of GDP (7<sup>th</sup> NSEDP target: 22–25% of GDP)</li> <li>Baseline: budget deficit 19,090 billion kip, 4.7% of GDP (7<sup>th</sup> NSEDP target: equal or less than 5% of GDP)</li> </ul>	<ul style="list-style-type: none"> <li>Revenue achieved at 19–20% of GDP</li> <li>Government budget revenue 16–17% of GDP</li> <li>Expenditure equal to or less than 25% of GDP</li> <li>Budget deficit does not exceed 5% of GDP</li> </ul>
	<ul style="list-style-type: none"> <li>Baseline: Gini coefficients estimated for Lao PDR, urban and rural in 2013 (36.17, 37.51 and 32.52)</li> </ul>	<ul style="list-style-type: none"> <li>Gini coefficients in 2020 improved for Lao PDR, urban and rural over coefficients estimated in 2013</li> </ul>
	<ul style="list-style-type: none"> <li>Baseline: Exports of goods and services 11.91% of GDP in 7<sup>th</sup> NSEDP</li> </ul>	<ul style="list-style-type: none"> <li>Exports of goods and services 15% of GDP per year</li> <li>Maintain trade deficit at a controllable level</li> </ul>

## 6.2 Outcomes of the 8<sup>th</sup> NSEDP (2016–2020)

The proposed overall objective can only be achieved if specific economic, social and environmental outcomes are achieved within the period of the 8<sup>th</sup> NSEDP. The core of the proposed overall objective is eligibility for LDC graduation, and, to achieve this, specific achievements are necessary, broadly under the qualitative headings of “low-income characteristics” and “severity of structural impediments to sustainable development”.

Quantitatively these specific achievements are expressed as GNI per capita (low-income characteristics) and the Human Assets Index (HAI) and Economic Vulnerability Index (severity of structural impediments to sustainable development). Outcomes which have as their basis these criteria will contribute to the achievement of the Intended Impact, which has at its core the achievement of eligibility for LDC graduation.

The overall objective also acknowledges that there are associated development priorities, and these include achievement of the off-track MDG targets which are already incorporated in the SDGs, sustainable, inclusive economic growth and enhanced environmental management. These are associated with the criteria for LDC graduation but need to be stated to broaden the aims of the 8<sup>th</sup>NSEDP. Following on from this, the 8<sup>th</sup>NSEDP Outcomes have been identified as follows.

- **Outcome 1:** Sustained, inclusive economic growth with economic vulnerability (EVI) reduced to levels required for growth support.
- **Outcome 2:** Human resources are developed and the capacities of the public and private sectors is upgraded; poverty in all ethnic groups is reduced, all ethnic groups and both genders have access to quality education and health services; the unique culture of the nation is protected and consolidated; political stability, social peace and order, justice and transparency are maintained.
- **Outcome 3:** Natural resources and the environment are effectively protected and utilized according to green-growth and sustainable principles; there is readiness to cope with natural disasters and the effects of climate change and for reconstruction following natural disasters.

Table 19: Outcome Indicators and Targets

8 <sup>th</sup> NSEDP Design Summary	Baselines	Performance Indicators, Targets
<p><b>OUTCOME 1</b> (one of three Outcomes needed to achieve the Overall Objective of the 8<sup>th</sup> NSEDP)</p> <p><b>Sustained inclusive economic growth with economic vulnerability (EVI) reduced to levels required for LDC graduation and consolidated financial, legal and human resources to support growth.</b></p>	EVI – Final Index Calculation 2015 = 36.2 (Lao PDR only). Global target is 32	EVI – Final Index improved
	<p><b>Economic Vulnerability Index – Population</b></p> <ul style="list-style-type: none"> <li>• Baseline: 2015 Population sub-index for size = 41.4</li> </ul>	<p><b>Economic Vulnerability Index – Population</b></p> <ul style="list-style-type: none"> <li>• Population (Size–exposure index) increased over 2015</li> </ul>
	<p><b>Economic Vulnerability Index –Remoteness</b></p> <ul style="list-style-type: none"> <li>• Baseline: 2015 Location–exposure index = 58.8</li> </ul>	<ul style="list-style-type: none"> <li>• Location–exposure index reduced over 2015</li> </ul>
	<p><b>Economic Vulnerability Index – Merchandise Export Concentration</b></p> <ul style="list-style-type: none"> <li>• Baseline: 2015 Index for Export Concentration = 22.4</li> </ul>	<p><b>Economic Vulnerability Index – Merchandise Export Concentration</b></p> <ul style="list-style-type: none"> <li>• Economic Structure–Exposure Index: Index for Export Concentration reduced over 2015</li> </ul>
	<p><b>Economic Vulnerability Index – Share of Agriculture/Forestry</b></p> <ul style="list-style-type: none"> <li>• Baseline: 2015 Share of Agriculture and Forestry Index = 41.9</li> </ul>	<p><b>Economic Vulnerability Index – Share of Agriculture /Forestry</b></p> <ul style="list-style-type: none"> <li>• Economic Structure–Exposure Index: Share of Agriculture/Forestry reduced over 2015</li> </ul>
	<p><b>Economic Vulnerability Index – Instability of Exports (Trade Shock – Shock Index)</b></p> <ul style="list-style-type: none"> <li>• Baseline: 2015 Trade Shock – Shock Index = 24.2</li> </ul>	<p><b>Economic Vulnerability Index – Instability of Exports (Trade Shock – Shock Index)</b></p> <ul style="list-style-type: none"> <li>• Instability of Exports (Trade Shock – Shock Index) reduced over 2015</li> </ul>
	<ul style="list-style-type: none"> <li>• Baseline: 2015 Ease of Doing Business by criteria</li> </ul>	<p><b>Investment and financial management resources</b></p> <ul style="list-style-type: none"> <li>• Investment will be achieved at approximately 30% of GDP (approximately 223 trillion kip)               <ul style="list-style-type: none"> <li>– Government budget financed investment 9–11% of total investment.</li> <li>– Loans and grants investment 12–16% of total investment.</li> <li>– Domestic and foreign private sector investment 54–57% of total investment.</li> <li>– Investment through bank credits 19–21% of total investment.</li> </ul> </li> </ul>

8 <sup>th</sup> NSEDP Design Summary	Baselines	Performance Indicators, Targets
		<ul style="list-style-type: none"> <li>• Development planning and budgeting integrated through operationalization of MTEF</li> <li>• Development planning and budgeting aligned through PIP rolling programme</li> </ul> <p><b>Legal Framework and Human Resources Development</b></p> <ul style="list-style-type: none"> <li>• Entrepreneur management capacity / competitiveness enhanced</li> <li>• Use of science and technology enhanced</li> <li>• Micro-enterprise / SME management capacity / competitiveness improved – Ease of Doing Business rating improves <ul style="list-style-type: none"> <li>– Labour productivity raised through labour movement from agriculture to higher productivity industry and service sectors at .....</li> <li>– Level of education and training of those already in, or entering, the public /private workforce raised....</li> <li>– Urban management enhanced to improve economic roles of small towns</li> <li>– Regional integration enhanced</li> </ul> </li> </ul>
<p><b>OUTCOME 2</b> (one of three Outcomes needed to achieve the Overall Objective of the 8<sup>th</sup> NSEDP)</p> <p><b>Human resources are developed and the capacities of the public and private sectors is upgraded; poverty in all ethnic groups is reduced, all ethnic groups and both genders have access to quality education and health services; the unique culture of the nation is protected and consolidated; political stability, social peace and order, justice and transparency are maintained.</b></p>	<p><b>Human Asset Index (HAI) – Final Index Calculation</b></p> <ul style="list-style-type: none"> <li>• Baseline: Composite HAI for 2015 = 60.8</li> </ul> <p>• Baseline: 2015 Index for undernourishment = 72</p> <ul style="list-style-type: none"> <li>• Baseline: Prevalence of underweight children U5 38% in 2011</li> <li>• Baseline: Prevalence of stunting in children U5 27% in 2011</li> <li>• Baseline: Prevalence of wasting in children U5 6% in 2011</li> </ul>	<p><b>Human Asset Index (HAI) – Final Index Calculation</b></p> <ul style="list-style-type: none"> <li>• HAI composite index not lower than 66 by the year 2020</li> </ul> <p><b>Percentage of Population Undernourished</b></p> <ul style="list-style-type: none"> <li>• LDC-associated indicators</li> <li>• Prevalence of underweight children U5 less than 20% by 2020</li> <li>• Prevalence of stunting in children U5 less than 32% in 2020</li> <li>• Prevalence of wasting in children U5 by 2020 = 5%</li> </ul>

8 <sup>th</sup> NSEDP Design Summary	Baselines	Performance Indicators, Targets
	<ul style="list-style-type: none"> <li>• Baseline: (MDG 5) Infant mortality rate (per 1,000 live births): 68 in 2011</li> <li>• Baseline: (MDG 5) U5 mortality rate (per 1,000 live births): 79 in 2011</li> <li>• Baseline: (MDG 5) U5 mortality rate (per 1,000 live births): 62.8 in 2015</li> </ul>	<p><b>Under-1 and under-5 Mortality</b> Definition: UN – Probability per 1,000 that a newborn baby will die before reaching age 5.</p> <p><i>Note:</i> although targets reached, Lao PDR lags behind regional indicators)</p> <ul style="list-style-type: none"> <li>• Mortality rate of children under 1 year reduced to less than 30/1,000 live births by 2020</li> <li>• Mortality rate of children under 5 reduced to 40/1,000 live births by 2020</li> </ul>
	<ul style="list-style-type: none"> <li>• Baseline: 2015 Index for Secondary Enrolment = 45</li> </ul>	<p><b>Gross Secondary Enrolment Rate:</b> Definition: (WB, UNESCO) Number of pupils enrolled in secondary schools regardless of age/ population in the theoretical age group for the same level of education</p>
	<ul style="list-style-type: none"> <li>• Baseline: 2015 Index for Literacy = 63.6</li> </ul>	<p><b>Adult Literacy Rate:</b> Definition: (UNESCO) Literate people aged 15 or above as a percentage of total population of this age group, literacy is defined as if he/she can read and write, with understanding, a simple statement related to his/her daily life</p>
	<ul style="list-style-type: none"> <li>• Baseline: MDG 2 Net Enrolment ratio in primary education 98.6% in 2014/15</li> <li>• Baseline: proportion of pupils starting Grade 1 who reach last grade of primary 78% in 2014/5</li> </ul>	<p><b>Universal Primary Education</b></p> <p>Universal primary education is achieved</p>
	<ul style="list-style-type: none"> <li>• Baseline: MDG 5 Maternal mortality ratio (per 1,000 live births): 357 in 2011</li> <li>• Baseline: MDG 5 Proportion of births attended by trained health personnel: 58% in 2009</li> </ul>	<p><b>Maternal Health</b></p> <ul style="list-style-type: none"> <li>• Post-MDG 5 Maternal mortality ratio (per 1,000 live births): Target: 160 by 2020</li> <li>• MDG 5 Proportion of births attended by trained health personnel: Target: One midwife per village by 2020</li> </ul>

8 <sup>th</sup> NSEDP Design Summary	Baselines	Performance Indicators, Targets
	<ul style="list-style-type: none"> <li>• Baseline: 9 provinces, 987 villages completed UXO survey in 2015</li> <li>• Baseline: MDG 9 Number of casualties reported as result of UXO incidents (casualties per year): 45 in 2014</li> <li>• Baseline: 562 are victims of UXO incidents in 2014</li> </ul>	<p><b>UXO Clearance and Victim Assistance</b></p> <ul style="list-style-type: none"> <li>• 2020 target: 9 provinces, 5,238 villages completed UXO survey <ul style="list-style-type: none"> <li>– Number of casualties reported as result of UXO incidents reduced</li> <li>– Number of victims of UXO incidents by 2020: Target: 1,500</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Baseline: poverty headcount rate in (i) Vientiane and region, (ii) Urban Vientiane and region and (iii) Rural Vientiane and region estimated for 2013 (LSB)</li> <li>• Baseline: poverty gap in (i) Vientiane and region, (ii) Urban Vientiane and region and (iii) Rural Vientiane and region estimated for 2013 (LSB)</li> </ul>	<p><b>Equality</b></p> <ul style="list-style-type: none"> <li>• Poverty headcount rate reduced in (i) Vientiane and region, (ii) Urban Vientiane and region and (iii) Rural Vientiane and region</li> <li>• Poverty gap reduced in (i) Vientiane and region, (ii) Urban Vientiane and region and (iii) Rural Vientiane and region <ul style="list-style-type: none"> <li>– Development equality</li> <li>– Balanced regional and local development achieved</li> <li>– Gender equality achieved</li> </ul> </li> </ul>
<p><b>OUTCOME 3</b> (one of three Outcomes needed to achieve the Overall Objective of the 8<sup>th</sup> NSEDP)</p> <p><b>Natural resources and the environment are effectively protected and utilized according to green-growth and sustainable principles; there is readiness to copewith natural disasters and the effects of climate change and for reconstruction following natural disasters.</b></p>	<ul style="list-style-type: none"> <li>• Baseline: 2015 Index for Victims = 88.9</li> </ul>	<p><b>Economic Vulnerability Index</b> Victims of Natural Disasters (Natural Shock – Shock Index)</p> <ul style="list-style-type: none"> <li>• Victims of Natural Disasters (Natural Shock – Shock Index)</li> <li>• Index for victims reduced over 2015</li> </ul>
	<ul style="list-style-type: none"> <li>• Baseline: 2015 Index for Instability of Agriculture = 20.4</li> </ul>	<p><b>Economic Vulnerability Index</b> Instability of Agricultural Production (Natural Shock – Shock Index)</p> <ul style="list-style-type: none"> <li>• Instability of Agricultural Production (Natural Shock -Shock Index) – Index for Instability of Agriculture reduced over 2015</li> </ul>

## 6.3 Summary of Outputs Required to Achieve Each Outcome

The following Outputs have been identified as being necessary for each Outcome respectively:

### Outcome 1

- Output 1 – Sustained and Inclusive Economic Growth
- Output 2 – Macroeconomic Stability
- Output 3 – Integrated Development Planning and Budgeting
- Output 4 – Balanced Regional and Local Development
- Output 5 – Improved Public/Private Labour Force Capacity
- Output 6 – Local Entrepreneurs are Competitive in Domestic and Global Markets
- Output 7 – Regional and International Cooperation and Integration

### Outcome 2

- Output 1 – Improved Living Standards through Poverty Reduction and 3-builds implementation
- Output 2 – Food Security Ensured and Incidence of Malnutrition Reduced
- Output 3 – Access to High Quality Education
- Output 4 – Access to High Quality Health Care and Preventative Medicine
- Output 5 – Enhanced Social Welfare
- Output 6 – Protection of Traditions and Culture
- Output 7 – Political Stability, Order, Justice, and Transparency

### Outcome 3

- Output 1 – Environmental Protection and Sustainable Natural Resources Management
- Output 2 – Preparedness for Natural Disasters and Risk Mitigation
- Output 3 – Reduced Instability of Agricultural Production

## 6.4 OUTCOME 1 OUTPUTS

### 6.4.1 Outcome 1, Output 1: Ensuring Sustained and Inclusive Economic Growth

In ensuring continued and firm economic growth, shifting in the direction of industrialization and modernization is a priority. By 2020, there is a need to attempt to structure economic sectors such that the agriculture and forestry sector covers 19 percent of the total GDP, industry sector covers 32 percent of GDP and service sector covers 41 percent GDP, while import tariffs cover 8 percent of GDP. This needs to focus on development of the economic sector with potential to create fast returns and high value addition, while promoting low and moderate potential sectors but having sustainable characteristics. An inclusive approach will also focus on supporting small holder farmers (the majority of Lao farmers) to diversify and improve production within integrated farming systems. Similarly, strategies for privatization and the attraction of investments need to be underpinned by transparent enforcement of legislation, rules and regulations ensuring that diverse investors are attracted and that Lao citizens will benefit from investments and the privatization of state enterprises, land, etc.

### 6.4.1.1 Industrial Sector

#### Direction

To develop the industrial sector to be a high growth sector quantitatively and qualitatively, to diversify its commercial and modern goods production to be able to meet the domestic consumption as well as for export needs and transform it into a main sector to support quality and sustainable economic growth.

#### Targets

- Strive to increase the industry sector's processing and handicraft as well as trade and services growth rates to approximately 15 percent per annum on average.
- Strive to complete 15 hydroelectricity power dams, such as Sayabouly Dam with installed capacity of 1,285 MW (2019), Xe Pien–Xe Namnoi with installed capacity of 410 MW (2019), Sekhamane 1 with installed capacity of 322 MW (2016), Nam Ou 5 with installed capacity of 240 MW (2017), and others.
- The electricity consumption rate shall cover 95 percent.
- Strive to increase the export value to 15 percent on average and maintain the foreign trade deficit at a level possible for settlement.
- Strive to increase the ratio of the industry sector to GDP to higher than 70.

### Priority Activities to Achieve Output

#### Industrial Processing Sector

- Diversify commercial goods produced from the industrial processing sector and quantitatively and qualitatively, making it a high growth sector for domestic consumption and export, using agricultural and forestry raw materials and products as production inputs; modernize the industrial processing sector so that it is capable of competing internationally. Render it to become a basic sector of the economy to create employment for the people. Support investment factories that assemble spare parts, such as assembling vehicles and other machinery spare parts. In addition, it is important to differentiate prioritized industries, justifying incentives for them and not for others.
- Develop industrial zones to attract foreign investment in the processing industries, such as Savan-Seno Special Economic Zone, Vientiane-Phonthong Industrial and Commerce Park, by targeting medium-sized investment in clothing production and electronic supplies.

#### Handicraft Sector

- Develop Lao handicraft products that have potential and inheritance value for each local area, have high domestic and foreign market demand and render them to be of high quality, for example garments, silk cloth and skirt weaving, bamboo weaving and woodcarving products.

### Energy Sector

- Focus on hydropower development, thermal electric power, solar energy and industrial plants energy in order to turn the power sector into a sustainable income-generating sector to support various productions and to solve the people's poverty. Although the 8<sup>th</sup>NSEDP aims to move away from a natural-resource-based and extractive-industries-dependent economy, mining is a substantial industry contributing significantly to exports and continued but sustainable and inclusive economic growth is planned. This will be accompanied by policy and regulation to ensure that social and economic benefits are realized by local populations and the Lao people in general.

### Mining Sector

- Increase the promotion of mineral processing and reduce the export of unprocessed minerals to increase the value of mineral products and ensure that the benefits from this sector contribute to improving people's livelihoods.

### Construction (Infrastructure)

- Upgrade roads that connect to the neighbouring countries, such as the Greater Mekong Sub-region (GMS) Corridor, Asian Highway, East-West Corridor and North-South Economic Corridor.
- Upgrade roads in accordance with the strategic plan on logistics to support the transportation of vehicles with 11 tons of cargo to underpin the shift to industrialization and modernization.
- Construct the Vientiane– Boten Railway Project and conduct survey and design of Savanh–Lao bao and Vientiane Capital–Thakhek–Namphao, in order to connect to Muya and other destinations.
- Create comprehensive logistics systems by focusing on four areas: Natoei–Luangnamtha, Seno–Savannakhet, Tha Nalang–Vientiane and Vangtao–Phonthong Champasack.
- Survey and design new international airports in Vientiane Capital, Sayabouly and Champasack. Airport in Champasack will serve 3 million passengers per annum in Champasack, Saravane and Sekong provinces.

### Implementing Policies and Legal Instruments

- Set policies, legislation and mechanisms for managing and creating favourable environments for processing industries and handicrafts to grow, especially to encourage participation from the private sector in strengthening public and private partnership in order to build investor confidence.
- Set policies to promote industries that use raw materials from agricultural and forest products and mineral products as inputs to process finished products; set policies on the science and technology industry and on development of green industry, among others.
- Encourage the construction of the industrial research and development centre and industrial products design, and promote industrial products standards and modern technology transfer and application in industrial processing.

- In order to promote international logistics, more concrete measures need to be introduced in this sector, for example, more efficient and transparent customs clearance, utilization of investment incentives by SEZs, etc.

### 6.4.1.2 Service Sector

#### Direction

Develop the service sector firmly linked to production enabling high revenue for the country and creating jobs for the people; enhance land transit points in the region and provide diversified goods and services to meet domestic and international market demand.

#### Targets

- Increase the value of goods by 12 percent per year, and wholesale and retail business sales by 9–10 percent per year on average.
- Expand markets to, or build markets in, remote and rural areas.
- Increase the numbers of tourists to six million by 2020, and encourage an average stay of more than 10 days per head to generate a minimum annual revenue of US\$953 million.
- Produce souvenir for tourists (one district, one product) by 2020; develop 25 tourist sites; survey and allocate 40 tourist sites; improve and develop 10 tourist cycle sites of quality.
  - Strive to design internet websites for tourism advertisements linked with ASEAN, GMS, and PATA websites, deploy tourism representatives/liaison offices in five foreign countries that are main markets.
  - Organize the Third Visit Laos Year in 2018 for tourism publicity and promote domestic tourism “Lao Visit Laos”.
  - Develop the financial institutions to ensure high effectiveness and widen their services.

### Priority Activities to Achieve Output

#### Tourism

- Develop tourism based on the application of natural, cultural and historic inheritance potential in an effective and sustainable manner through participation of the people; build complete-service-cycle tourism and link it to domestic and international tourist systems; train tour guide personnel; transform tourism into a revenue-generating sector of the country by focusing on prolonged tourist visits and increasing tourist spending in Lao PDR to create employment and income for the local population.

#### Wholesale and Retail Sale

- Regularly provide goods to the society and in accordance with the market demand, facilitating the people’s access to the goods; build and improve comprehensive and modern goods distribution networks to attract purchasers and spending in the country.

### Logistics Service

- Continue to qualitatively develop goods transportation systems so as to become smooth and speedy transportation systems and subregional in-land transit business centres, improve and construct standard roads to ensure goods transportation service and to link them to neighbouring countries. Build facilities along highways such as stopping or parking lots, goods warehouses and vehicle stations, and build four logistics parks: Nateuay, Savannakhet, Vientiane Capital and Champasak; improve entry and exit checkpoints up to international standard along transit service corridors to the borders to facilitate smooth and speedy service.

### Finance and Banking

- Raise the efficiency of commercial banks and institutions to regional and international standards to engender smooth and speedy transaction business in order to promote socio-economic development.

### Implementing Policies and Legal Instruments

- Promote public and private investment for focal and complete-cycle tourist product development.
- Improve the quality of tourist sites, conduct a survey and plan tourist site redevelopment in line with the national tourist directions, to create more investment opportunities for the public and private sector.
- Concentrate on developing and renovating tourist site facilities to international standards and to yield local uniqueness.
- Broaden and promote the call for more domestic and foreign investors to invest in the tourist sector.
- Monitor and encourage business units to regularly contribute to tourism fund.
- Support and promote the sectors surrounding tourism to actively contribute to and participate in developing and promoting tourism.
- Assign tourism diplomats and representatives to target countries to promote Laos tourism.
- Raise the Lao people's awareness of conserving their unique and proud traditions and culture.
- Promote local administrative authorities to organize functions and tourist activities, such as ethnic minorities' cultural fairs, local traditions fairs and other important functions, to communicate their unique culture and local way of life to Lao and foreign people so that they will know and perceive ideas to visit various places in Lao PDR.
- Stabilize the markets and market service management and protect consumers by labeling the goods quality, price and details; focus on improving the markets, goods and price management mechanisms in a truly active manner and in compliance with the market economy.
- Increase economic development in small towns and develop municipal services to create opportunities for non-farm employment.

### 6.4.1.3 Agriculture and Forestry Sectors

#### Direction

Develop firm and sustainable agriculture and forestry sectors. Continue allocating land for agriculture and production to secure food and commercial production; increase the potential agricultural production of each locality using clean and organic agriculture, and promote intensive agriculture using modern and high quality techniques. Improve farmer productivity by establishing farm production, production groups, enterprises and the family model using modern techniques and technology in production to ensure the supply of agricultural products as inputs to processing industries and services quantitatively and qualitatively in order to add value to the products. Continue to focus on sustainable recovery, management, protection of forests and forest resources to ensure that Lao PDR is green and sustainably developed.

#### Targets

##### Food Supply Production

- Ensure sufficient food supply and nutrition of each kind for all the population.
- Follow the government direction that 10 provinces will focus on rice production (Luang Namtha, Bokeo, Sayabouly, Vientiane, Vientiane Capital, Bolikhamxay, Khammouane, Savannakhet, Saravan and Champasak) to achieve 2.5 million tons by 2020 on an area of 600,000 ha, of which 2.1 million tons is for domestic consumption and 400,000 tons for reserves. Extend irrigated water supply from the 315,374 ha currently covered to 476,012 ha by 2020, yielding 4–5 tons per ha. This can supply the people's consumption of about 2,600–2,700 kcal per person per year, contributing to the nutrition intake of the people (rice, flour, meat, fish, eggs and dairy).
- Ensure average consumption of meat, fish and eggs per capita achieves 65 kg per person per year.
- Produce sweet corn of approximately 228,000 tons, potatoes and starch roots of about 304,000 tons, fruit trees yielding 800,000 tons and vegetables of 1.5 million tons.
- Produce 258,000 tons per year of meat and eggs and 229,500 tons of fish and aquatic animals.
- Increase livestock by 6 percent per year and fishery and aquatic animal breeding by 8–10 percent per year.

##### Commercial Crop Production

- Strive to increase agricultural goods production quantitatively and qualitatively to meet the domestic processing factories and exports.
- Produce rice for export of 1–1.5 million tons and 500,000–600,000 tons for the processing industry.
- Other crops: produce corn for animal feed of 1.3 million tons; coffee, 120,000 tons; sugar cane, more than 2 million tons; cassava, 1.5 million tons; yellow beans, 50,000 tons; Job's tears, 213,150 tons, and others. Apart from these, efforts must be put into producing advantageous crop products.
- Livestock Raising: transform natural livestock to farming to generate cattle to 30 percent of total production. Focus on cattle breeds raising and improve it to produce more commercial cattle for

sufficient domestic supply and export of cows and buffaloes to neighbouring countries, to yield a meat weight of at least 10,000–15,000 tons equivalent in 2020. To promote commercial livestock, increase fodder and feed products by actively promoting production with a variety of quality grass types for demonstration and use as input for producing animal feed.

### Forestry and Forest Resource Management

- Manage and use production forests and community forests effectively.
- Continue surveys and allocate at least 600,000 ha to forestry.
- Certify 30 percent of total production forest area and restore production forest of 500,000 ha.
- Promote cultivation of 500,000 ha of traditional plants and industrial crops.
- Develop forest allocation and management plans at village level in 1,500 villages.
- Improve mission on reducing emissions from deforestation and degradation (REDD+) by preparing readiness for carbon credit trading in 2020.
- Improve the Forest and Forest Resources Development Fund.

### Activities and Projects

- Promote clean and organic agriculture in each local area in order to meet the domestic market demand and export to foreign markets.
- Promote production along with marketing and processing.
- Turn the population's natural livestock production to farming using scientific techniques of modern technology to raise productivity.
- Concentrate on improving and upgrading irrigation to permanent and robust systems with effective management.
- Upgrade the existing agriculture extension and development centres to become comprehensive centres capable of demonstrating techniques of agricultural production and providing grain seeds to the people.
- Focus on agriculture and forestry according to each local potential and geographic characteristics, for example:
  - On the plains, crops such as rice, corn, beans and peas, vegetables, tobacco and others and cattle raising (cows, buffaloes, pigs, poultry and birds) shall be promoted including: concentrate on high-potential big plains development capable of irrigated cultivation, to ensure food security and supply by establishing Sebangfai and Sebanghiang plains in Khammuane and Savannakhet provinces as national rice cultivation focal points.
  - There are three main plains: the plains of Boloven, Nakai and Xiengkhouang. Boloven plain is being promoted to coffee plantation, vegetables, fruit trees, flowers and cold weather crops; Nakai plain is suitable for fishery and fishing; Xiengkhouang plain is promoted to grow cold

weather crops, vegetables and fruits; apart from these, it can be improved to plant grass for animals and hence it is suitable for raising animals such as cows, goats and sheep.

- Agro-ecological crops are promoted for cultivation in mountainous plains.
- Focus on projects on food security and commercial products from agriculture.

### **Implementing Policies.**

- Develop and manage agricultural land for rice crops, vegetables and livestock: ensure land registration and prohibit conversion of irrigated rice fields to other purposes; undertake land allocation survey and evaluation of soil quality for rice farming; complete the issuance of agricultural land titles to farmer families in priority areas no later than 2020. Clearly allocate land for planting vegetables, rearing large animals, poultry and fishery as appropriate.
- Promote production and manufacturing by focusing on building a modern rice mill factory and ensuring the products meet international standards.
- Create an enabling environment for sustainable and productive agriculture by supporting farmers' organizations with access to relevant information, practical and quality education, appropriate technology with an emphasis on intensification for yield growth as a major source of increased productivity rather than expansion of land area.
- Apply financial and banking policies that support producers, manufacturers and entrepreneurs with access to finance on a rational basis and build synchronized production chains between big business enterprises and SMEs.
- Apply policy on clean and organic agriculture.
- Apply energy policy that will ensure stable energy supply to the mills and processing factories.
- Apply policy on market expansion, price control, taxation and investment associated with agricultural products.
- Apply labour policy that will ensure provision of labour to the agriculture and forestry sector with specialized skills and meet international standards.
- Apply policies on intellectual property rights, standards and measures to build trust in products and ensure that there will be no trademark violation while agricultural and forestry products of Laos are being protected.
- Apply policies on research and promotion of unique and environmentally friendly seedling species from Lao PDR.
- Apply policy on transport facilitation services both domestically and internationally.
- Apply policy on rural development that closely links to commercial agricultural production and sustainable food security.
- Apply policy on private investment promotion, including both domestic and foreign direct investments, especially focusing on shifting into irrigated agriculture.

#### **6.4.1.4 Diversify Goods and Services and Diminish Natural Resources Reliance**

Strongly promote investment in commercial production that is not linked to natural resources, for instance agricultural processing industries, food and household utensils processing factories, etc. as strong bases for economic growth, together with the promotion of the enterprises conducting mineral-excavating business, utilizing forest resources, etc.; improve mineral production so that raw mineral ores are processed and value added before exporting them; in parallel, the mining areas will be upgraded for regular excavation avoiding socio-environmental impacts; develop tourist areas for clean, beautiful and environmentally friendly services as well as improving hotel and restaurant services; improve and upgrade tourist sites and tourist guidance for better quality and diversification linked with handicraft and architecture production to meet tourists' needs as well as to generate income for the people and the country.

#### **6.4.1.5 Build Synchronized Production Chains between State-Owned Enterprises, Big Business Enterprises and SMEs**

##### **State-Owned Enterprises**

- Strengthen SOEs' structure and operations in line with the direction on modernization and insutrialization in order to become a strong support for the Government to achieve economic growth and capital savings, and to provide public benefits to the society as well as the national defence and public security.
- Improve management mechanisms to become strong, transparent and accountable and to help raise the level of ownership and responsibility and the independence and effectiveness of SOEs in their business operations, through enhanced competitiveness and international partnership. Increase ownership and responsibility in utilization of the public assets that are allocated by the Government.
- Clearly define the roles and responsibilities of SOEs in the political and national defence and public security strategies, and socio-economic development strategies.
- Improve policies, legislation, laws and regulations associated with business and enterprise operations to be more appropriate and favourable to the market economy mechanism.
- Increase the roles and capacities of the Government to manage SOEs more firmly to become a role model for private enterprises and a foundation for the national economy.

##### **Small and Medium-sized Enterprises**

- Form a number of big enterprises to act as a driving force for SMEs, such as complete-cycle tourist companies (e.g. small and medium-sized suppliers of clean organic vegetables, textiles, hand-woven products and wooden sculptures, and supporting the tourism sector with provision of infrastructure such as roads, electricity, water supply, etc.), agro-products processing enterprises (farmer groups that supply raw materials to the processing industries) and other businesses.
- Improve the productivity of SMEs by promoting productive, appropriate and modern technology that fits the current situation of the national development and new innovation; set standards for goods and services to improve productivity; and enhance domestic and international market access.

- Create a favourable environment for businesses to set up and operate in, in terms of developing a strong legal framework, providing access to finance and skilled labour, and access to business development and entrepreneurial consulting services; develop comprehensive infrastructure as investment incentives and build confidence in doing business.
- Promote access to finance for SMEs, by creating projects to support long-term finance by commercial banks interested in providing loans to such companies and establishing a fund to mitigate the risk as incentives for commercial banks to provide loans to SMEs.
- Improve access to financial services for enterprises in rural areas by promoting mobile and e-banking services while having regulations established for management.

#### **6.4.1.6 Local and Foreign Investment Promotion in Focal Areas:**

- Focus on developing Special Economic Zones (SEZs) and Unique Economic Zones (UEZs) to be economically viable and sustainable, by building a model industrial complex and completing a new city as driving apparatuses which would steer the country's economic development and accelerate development of SEZs consisting of five zones in Vientiane Capital, two zones in Khammouane and one zone in Savanakhet.
- Promote investment in processing industries using more modern technology.
- Create a favourable investment environment equivalent to or greater than those in surrounding countries; for instance, provide one-door investment service to be more quickly, have a shorter lead time for investment licence application and more accurate perspectives on investment information. Open more potential economic zones that meet the criteria for SEZ establishment as indicated in the approved SEZ Development Strategies 2011–2020.
- Build strong basic infrastructure as necessary to link potential SEZs with each other.
- Focus on effective application of the Government's policies (following the "small administration units – large society" approach), manage and implement one-door investment service in the SEZs in a more effective, fast and transparent manner.

#### **6.4.2 Outcome 1, Output 2: Macroeconomic Stability**

##### **Direction**

Constantly develop the economy through the strengthening and diversifying of production bases and by improving strong quality services; in parallel, a stable macroeconomic framework should be sustained; improve the financial and monetary policies to be in synchronization to enable the macro-economy to grow in a continuous manner; monitor the economic situation to issue appropriate policies in order to maintain the inflation rate within reasonable limits; define interest and manage the exchange rates to sustain a stable monetary situation and advantageous position for competitiveness; manage the internal debts (government and public) and decrease foreign debts step by step; improve and enforce measures to enhance financial and monetary liquidity and to gradually reduce trade deficits; increase foreign exchange reserves and ensure a foreign clearance balance; build up state reserves to secure the contingencies and urgent payments, such as post

natural disasters; regulate markets to be stable and ensure the national defence, protection and security to ensure economic stability and create conditions for meeting the targets as set in the NSEDP.

### Targets

- Strive to achieve GDP growth of not less than 7.5 percent per annum.
- Maintain inflation within the appropriate limits (less than 5 percent).
- Sustain stable exchange rates and contain them within  $\pm 5$  percent.
- Maintain annual growth rate of the money supply M2 at 24 percent on average.
- Strive to increase foreign exchange reserves to be sufficient to cover imports for 5 months or more.
- Increase commercial bank deposits to reach 84 percent of GDP by 2020.
- Encourage quality credits and limit the debt ratio to 3 percent of total credits.
- Put efforts into attaining total revenue at 19–20 percent of GDP and budget revenue at 16–17 percent of GDP, and contain the total budget expenditure to within 25 percent of GDP, of which expenditure on wages should be no more than 45 percent of budget revenue and the budget deficit not more than 5 percent of GDP per annum.
- Strive to make state savings between 2–3 percent of the budget revenue per annum.
- Maintain the trade deficit at a manageable level.

### Implementing Policies and Legal Instruments

- Design appropriate financial and monetary frameworks by decreasing the budget deficit; limit the increase of budget expenditure in a way commensurable with a stable budget revenue increase; lower foreign debt to a GDP ratio to the secured level in line with international standards.
- Develop sound monetary policy, direct and indirect instruments.
- Design macroeconomic and exchange rate models.
- Elevate monetary policy performance standards to be more effective.
- Build macroeconomic frameworks to monitor economic changes and use the monitoring to identify relevant policy analysis and formulation.
- Set mid- and long-term strategies to sustainably control and consolidate public debts and regularly manage foreign debts payments.
- Issue risk prevention measures that would cause cumulative budget debts (e.g. retroactive government-financed projects executed in advance by the private sector, off-budget expenditure and enterprise loans guarantees).

- Establish macroeconomic coordination mechanisms between the Ministry of Planning and Investment, Ministry of Finance, Bank of Lao PDR, Ministry of Industry and Commerce and other agencies.
- Continue implementing the recommendations of the Financial Action Task Force (FATF) that are still pending (e.g. improve regulations on bank establishment).

### **6.4.3 Outcome1, Output 3: Development Planning and Budgeting are Aligned**

#### **Direction**

Development and funding should be consistent and synchronized and interlinked from the outset, i.e. funding should be in line with the country's overall development policies, for instance, it should focus on achieving growth standards, allowing the country to graduate from LDC status; development investment needs should be based on the budget funding capacity for each period in collaboration with the raising of foreign loans and grant aid as well as efforts to attract funds from domestic and foreign private sectors, procurement of bank credits and the general population contribution for production and service business investments.

#### **Targets**

- To achieve economic growth of at least 7.5 percent per annum, the development fund of 223,000 billion kip or around US\$ 27 billion, covering 30 percent of GDP is needed, as follows:
  - Government budget investment covers 9–11 percent of the total investment
  - External loans and grants cover 12–16 percent of the total investment
  - Domestic and foreign private sector investment covers 54–57 percent of the total investment
  - Investment under the financial system covers 19–21 percent of the total investment.

#### **Implementing Policies and Legal Instrument**

- Investments under the government budget are focused on socio-economic basic infra-structure, such as roads, irrigation systems, schools, health centres, gravity water supply and agro-technical research centres, to promote techniques and technical aspects, as well as development of rural and remote areas.
- Investments under loans and grants are focused on social areas linked to the people's living conditions and poverty reduction, solving malnutrition problems and improving sanitary conditions.
- Domestic and foreign private sector investments are focused on economic development sectors, such as investment in hydropower construction projects, SEZ and UEZ development, processing industries, construction materials, vehicle spare parts assembly industries, tourism development, construction of railways and so on.

- Investment from the financial system (bank credits and stock markets) are used for SMEs' investments in producing agro-products, commercial processing industries and handicraft production in order to create employment and contribute to poverty reduction.

#### 6.4.4 Outcome1, Output4: BalancedRegional and Local Development

##### Direction

- The development in the regions and local territories should be in harmony based on the potential and special characteristics of each area and each province. Establish the districts and areas that have advantageous potential and capability of accessing regional development, as powerful models for the surrounding districts and areas, within the perspective of building the economy, so that they would obtain the development benefits. Apply the available advantageous potential regarding economic location and hidden natural and human resources capacity to the development of the production and service sectors for higher value added. At the same time, focus on appropriate investment to push economic development in the areas that are slow and lag behind, by enhancing development conditions.
- Strengthen and apply each area's potential to prepare positions for economic take-off by strengthening the relationships between areas, international economic development and foreign market demand. Modify economic structures in each area and region by increasing the ratio of non-agricultural sectors with advantageous potential for value added, by paying attention to developing professional handicraft and artistic handicraft as a main support; carry out the objectives of diverting more labour from rural agriculture to work in the industrial and service sectors.
- Concentrate on determining the allocated areas for development consistent with the advantageous potential of each region and area, to promote intensive production and investment, such as agricultural production areas, processing industrial production areas, tourism areas, economic areas and residential areas; ameliorate basic infrastructure within a regional and international integration orientation, i.e.: roads, airports, sports stadia etc.; strengthen the cooperation and exchange of experiences between the regions and areas and provinces within the particular part of the country for joint development benefits; improve the investment environment to make it suitable to the actual situation in order to promote business enterprise and employment.

##### 6.4.4.1 Northern Region

Actively promote economic growth and achieve a GDP growth rate of at least 9.5 percent by 2020 such that the agriculture sector grows by an average of 6 percent, accounting for 34 percent of GDP in 2020, the industry sector increases by 11 percent, accounting for 30 percent of GDP in 2020, and the service sector increases by 12 percent, accounting for 36 percent of GDP in 2020; strive to achieve GDP per capita of US\$2,085; aim to further increase the share of the non-agricultural sector. Population will grow by an average 2.4 percent per year by 2020 and projected population is about 2,879,594). There is a need to strive to reduce the poverty rate to less than 7.72 percent by 2020.

## Agricultural Production Areas

- Encourage rice production to ensure food security according to the Government’s directions, especially in small and medium-sized plain areas in the potential northern provinces, such as Luangnamtha, Bokeo, Sayabouly and Vientiane Province, by concentrating on commercial production for exporting rice to China and other markets using high demand rice seeds. In the past five years, the total rice farming area is 979,225 ha, which is expected to yield 3,853,821 tons of rice; continue developing and promoting green and sustainable agro-processing to supply food for domestic consumption in the Northern Region and exports by establishing agricultural production centres and laboratories, commercial seed production centres (to improve herbaceous plants, commercial crops and livestock) in Luangnamtha, Sayabouly, Luangnamtha and Vientiane Province and corn production centres in Huaphanh, Sayabouly, Luangnamtha and Xiengkhouang. Construct processing facilities for cassava seeds in Oudomxay and Luangnamtha and yellow bean seeds in Huaphan and Xiengkhouang provinces. Construct a tea production factory in Phongsaly and Nyot Ou districts; in addition, construct economic crop seeds production centres for crops such as potatoes, banana, plants and vegetables and fruit-bearing trees. Encourage the people to grow grass to supply to the cow breeding centres in Xiengkhouang and Huaphan provinces; construct breeding centres in Meuangxay in Huaphan province; construct the fishery demonstration centre and fresh water fish breeds production centre in Sayabouly and Vientiane provinces. All these are to meet the market demand within the region, Vientiane Capital, Vientiane Province, Xaysomboun and other provinces, tourist areas and for export to the neighbouring countries.
- Develop economic tree cultivation areas, for instance teakwood, rosewood (Mai Dou), patterned hardwood (Mai Longleng), Maijan and other high value wood trees by allocating areas for tree planting in the provinces of Luang Prabang, Luangnamtha, Bokeo, Sayabouly, Vientiane and Xiengkhouang.
- Develop cultivation areas for renewable energy crops such as oleaginous fruit trees; dispersed cultivation could be carried out in the provinces of Luangnamtha, Bokeo, Oudomxay, Sayabouly, Vientiane and Luang Prabang, and in the areas along the Mekong River, in the suitable valleys. Develop the growing of bamboo and rattan in an area of 50,000 ha, taking Huaphan province as the main focal area and working in other areas as appropriate.
- Promote a spearhead company to develop a demonstration centre for latex planting and lead the support of the population to grow latex in the provinces of Luangnamtha, Bokeo, Oudomxay, Sayabouly, Vientiane, Luang Prabang and Phongsaly.
- Build demonstration areas according to their local natural resources and special characteristics, selecting the appropriate environmental conditions and requirements by allocating areas for planting in Luang Prabang and Bokeo provinces, e.g. Maijan wood and sealing wax trees, which could be developed in other areas in the northern provinces that have suitable environmental conditions.

## Industrial Production Areas

- Expand production by applying new concept of “1–3–3–4” (1 economic central area, 3 economic corridors, 3 industrial production areas and 4 areas of border economic cooperation) to enable

more concrete results, build the Northern Region to become a centralized economic zone with a high level of integration and production chain to support the development.

- Processing industries are regarded as spearhead industries capable of generating high value, for instance:
  - Processing industries for processed wood products: Meuang Xay, Meuang Luang Prabang, Meuang Samneuaand, Meuang Sayabouly; each province shall have 1–2 wood processing factories fabricating standard processed wood products and capable of high level competition.
  - Rubber Processing Industry: Promote many forms of business, especially the form “company+land+farmer’s family” which transforms the agriculture, commerce and industry sectors into one common system having a variety of service forms, construct standard rubber processing factories with sufficient production capacity to meet the market demand in the cities of Luangnamtha, Houayxay, Meuang Xay and Sayabouly.
  - Processing industries of sealing wax, bamboo, rattan: construct laboratory centres producing sealing wax in the provinces of Luang Prabang and Sayabouly; each province shall reserve an area of 200 ha for the centre due to the fact that the northern region of the country is abundant in natural resources; in Huaphan and Vientiane provinces, construct handicraft centres for bamboo and rattan weaving-interlacing to produce commercial goods that are unique and have value added.
  - Food and Vegetable Oil Processing Industries: establish a foundation of 1–2 flour grinding factories in each province (Phongsaly, Oudomxay, Sayabouly and Xiengkhouang); establish vegetable oil factories in the districts of Houayxay and Sayabouly.
  - Animal Products and Food Processing Industries: construct animal feed factories having the production capacity of 200,000 tons per year in Meuangkham and Luang Prabang districts; each province shall have one factory; construct an animal feed mixing factory of capacity of 100,000 tons per annum in Meuang Xay; build grass processing factories in Samneua and Phonsavanh.
  - Fruit and vegetable processing industries: Build factories in Luang Prabang, Huaysay and Sayabouly district.
  - Sugar Cane and Tea Processing Industries: Establish sugar factories of capacity 200 tons per year in the provinces of Phongsaly and Luangnamtha, one factory in each province; build a tea products processing factory in the district of Phongsaly or Nyot Ou.
  - Produce construction materials focusing on cement in Long, Nam Bark, Sayabouly, Viengthong and Vangvieng district.
  - Develop chemical industries such as chlorides, salts of sodium andpotassium-based fertilizers in the Vientiane Province.

### **Electrical Power and Mining Industries**

- Focus on developing large, medium and small hydropower dams along the Mekong River’s tributary branches, such as: hydropower projects of Namtha 2, Mekong River at the Parkbeng

tributary in Oudomxay province, Nam Sam in Huaphan province and Nam Ngum 4A in Xiengkhouang province. Apart from these, there will be other projects to be implemented, such as the expansion of distribution substations and electrical networks and construction of transmission lines for remote rural electrification, and efforts will also concentrate on developing electrical power sources for export.

- Strengthen the existing metal smelting industries, by concentrating the iron, lead, aluminum, zinc, gold, etc. smelting industries.
- Manufacture construction materials by focusing on cement production, for instance in Meuang Long, Nam Bark, Sayabouly and Viengthong, Vangvieng and so on.

### **Mining industry**

- Complete the area survey project for the Northern Region mineral mapping on the scale of 1:200,000, focusing on northern Oudomxay, Xiengkhouang, Vientiane and west Huaphanh provinces, and initiate mapping of mineral areas on the scale of 1:50,000. Continue to expand mining and using kali salt in Vientiane province.
- Black steel processing industries: establish steel smelting factories with production capacity of 500,000 tonnes in Xiengkhouang and Vientiane provinces using mineral resources: iron ore from the mountains (Phou Nyuan) in Xiengkhouang province, copper ore from the mountains (Pha Leck) in Vientiane province.
- Colour steel processing industries: expand mining of copper in the cliff (Ern Sui) in Luangnamtha to produce mineral concentrate of 100,000 tons per year, expand mining of zinc in the cliffs (Kai So) in Kasi district and Vientiane province (Pha Luang). Establish a lead and zinc smelting factory in one of the northern provinces, either Northern Xiengkhouang, Oudomxay or East Huaphanh province.
- Continue expanding Vangvieng Cement Factory Building 2 to produce 800,000 tons of cement per year, build a new cement factory in both Luangprabang and Oudomsay and a factory to produce cement-based construction materials in both Vientiane province and Xiengkhouang province to improve quality of production.

### **Trade, Service and Tourism zone.**

Develop and improve logistics service systems along the highways Nos. 3, 2 and 13 South so that they become complete, smooth and fast systems. Develop the types of service of quality in the provinces of Luang Prabang, Luang Namtha and Xiengkhouang. Establish economic and service centres in Luang Namtha province by considering the development of agriculture, transport service, trade and tourism as focal points.

- Trade cooperation within the region: Strengthen trade (rice, vegetables and livestock) and establish market systems in rural and mountainous areas. Combine the border's economic development with the wide opening of relationships to exchange goods and frontier-crossing service, such as in the Houayxai, Taichang, Nameo and Boten localities.
- Build tourism infrastructure and relations between northern provinces and member states of the Greater Mekong Sub-region (GMS) and ASEAN to increase tourist arrivals by 10 percent per year and income by 15 percent per year, by concentrating on development of the national tourist

- centres in Luang Prabang. Combine nature tourism with historic and ethnic minorities' traditional-cultural tourism. Expand the tourist roads towards the centres of the border economy and cross-border tourism, interlinked with four surrounding countries, build up a base to integrate with the GMS countries' tourism, develop a reliable tourism security system, provide training for human resources in the tourism sector, and develop an e-tourism information service system.
- River transport service: Ensure effective water-borne communication, develop river transportation for towns along the rivers with internal and external integration, by building one main harbour and many sub-harbours to support river transportation in Huay Xai, Luang Prabang and Pak Bang as a centre of Mekong River transport; provide a shipping service with high standards, such as providing products transfer equipment, and a temporary warehouse (inland container depot – ICD) that can accommodate cargo of one thousand tons; increase the capacity of the existing harbours and the new ones, such as in Ban Xai, Xiengkong, Ban Mon and Meuang Kop; upgrade harbours, warehouses and inspection equipment to facilitate the traffic of goods and passengers.
  - Establish duty free malls and service centres, including health service centres at the new harbours, such as Tha Deua, Pak Khon, Pak Lai, Ban Vang and Vientiane Harbour to be at good levels of operation.

### **Areas of Economic and Residential Development**

- Take urban economic zones development as core development, due to the fact that the zones have modern basic infrastructure and service, with industries as focal points capable of generating high value added, for instance: processing industries for agro-forest products, electricity, mineral exploitation and processing (gold, zinc, iron, bauxite), construction materials manufacturing industries, industry groups and goods production zones for export in order to create stimulating incentives for the Northern Region and build up the Northern Region in the development orientation 1-3-3-4, i.e. focus on the development of one economic centre in the Northern Region in Luang Prabang, concentrate on the development of three industrial zones in three provinces (Vientiane, Xiengkhouang, Oudomxay), concentrate on three economic corridors (Boten–Vientiane, Houayxai–Taichang and Meuang Ngeun–Nong Had) and concentrate on four border economic cooperation zones (Boten, Houayxai–Tonpheung, Nong Had and Kenethao), together with the development of newly established economic zones, i.e. Nongkhang Special Economic Zone and Khang Nongluang Unique Economic Zone in Meuang Pack.
- Residential resettlement: Gather the people to the areas having favourable conditions for development, along the streets or close to the cities (suburbs), shift the poor people who live in a dispersed manner in high mountainous areas down to reside in the designated areas, in order to improve the basis of living to better conditions, by promoting techniques in cultivation and animal raising, handicraft development and tourist service, which will enable the displaced people to entirely participate in the production development processes and to become free from poverty step by step. Establish groups of focal villages for the residential resettlement and create jobs for the people, establishing rural towns and transforming them into focal points with multiple professions, to promote processing industries, in order to divert the labour working in rural agriculture to the industrial and service sectors in increasing numbers.

- Accelerate development of six focal points: four in Vientiane province, i) the village groups of Ban Long Cheng, ii) Meuang Orm, iii) Meuang Ao and Meuang Saysomboun, and iv) the Phalavack Meuang Hom); and two in Xiengkhouang province, i) the village groups of Ban Sanluang in Muangkhoon, and ii) the Ban Namsiam group in Muang Phaxay).

### Poverty Reduction

- Encourage people to move in the focal areas to reduce poverty. Select the areas that meet some level of development, in proximity to the roads or urban areas (i.e. suburban), create proper jobs for the new resettled people, especially in the mountainous areas. Reduce the household poverty rate to 5 percent and proportion of poor village to 10 percent by 2020.

### Basic Infrastructure Development

- Support international integration and expand the road network from provincial municipalities to the priority districts and zones, the Government will focus on the urbanization in the municipalities through the development of necessary basic infrastructure as follows:

#### Development of land transportation infrastructure

- Upgrade the National Road No.13 in the Northern Region (between Pakmong and Oudomxay) to connect to Road No.1B; upgrade the National Road No.19 between Hatsa and Pakha (Lao PDR–China border); continue constructing the road to connect Att district, Huaphanh province and Thathom district (Lao PDR–Vietnam border); continue constructing the road to connect Sing district, Luangnamtha province and Kanthao district, Sayabouly province (Lao PDR–Thailand border) through Bokeo province.
- Improve and construct the national roads and provincial roads such as paving the road to connect Xiangkok-Myanmar Bridge to R3 Road (the road that connects Bokeo to the China border); pave roads with two layers of asphalt paving to connect Samneua municipality to Nongkhang airport; construct river bank protection in risky areas of Bokeo province.

#### Development of water transportation infrastructure

- Improve river transportation along the Mekong and protect the river bank from erosion in the target areas; apply standards that each ferry must not carry more than 22 kg of goods for transport between Huayxai and Luang Prabang, a distance of 300km; build necessary equipment to upgrade communication between Lao PDR, Thailand, Myanmar and China in water transportation to move toward the international standards.

#### Development of air transportation infrastructure

- Build new airports in Huayxai and Nongkhang to facilitate development of the special economic zones; conduct a feasibility study for building the airport in Bouneua district, Phongsaly province; expand further the airport apron, aviation traffic control station, petrol station, telecommunication and control equipment, etc. Improvement of international border checkpoints is also needed.
- Moreover, enhancing coordination and exchanging knowledge on development among the regions and provinces is required in order to enjoy common benefits while improving the

investment climate to promote business and employment generation suited to actual local conditions.

#### 6.4.4.2 Central Region

- With Lao PDR having advantages from being located in the Greater Mekong Sub-region (GMS), the Central Region became a centre of the national economic development, particularly to transform economic structure towards the modernization direction and product diversification, by providing a strong foundation to support the development of the industry sector with high technology, high efficiency and high economic value addition. The most important industry sectors, among others, are electricity, mining, mineral processing and agro-processing industries as well as tourism and international trade, which will all help absorb more of the labour force into the non-agriculture sector.
- Enhance the role of Vientiane Capital as a centre of economics, politics, culture, social and technical sciences, and promote the comparative advantages of Savannakhet province in relation to economic cooperation with countries in the east and the west, focusing on industrial sectors that are using advanced technology and producing for export.
- Strive to achieve high and sustained economic growth by focusing on the labour-intensive industrial processing sector, aiming to increase labour in the non-agriculture sectors. By 2020, the GDP growth rate is targeted at no less than 10.63 percent, with the agriculture sector growing by an average 6.4 percent, accounting for 25.58 percent of GDP in 2020, industry sector growing by an average 13.05 percent, accounting for 39.94 percent of GDP in 2020, and service sector growing by an average 11.12 percent, accounting for 34.49 percent of GDP in 2020; strive to achieve GDP per capita of US\$3,784. The population is estimated to grow by an average 2.28 percent per year by 2020, totaling approximately 2,760,341. The aim is to reduce the poverty rate in the Central Region to below 1 percent by 2020.

#### Agriculture and Forestry

- Khammouane and Savannakhet will be priority provinces for promoting rice production, especially in XeBangfai and Navang in Nangbok District; the downstream areas of Yommalath and Hinboun districts, Khammouane province; XeBanghieng flat area in Savannakhet province, especially PhouhuaSaova in Sayabouly district; Huaytuad in Champhone district and Lahanarm area. These areas will be shifted into irrigated agriculture in the future with the use of high technology, quality seeds to ensure sufficient supplies for domestic consumption and exports overseas. During the next five years, strive to increase rice farming area to 3,094,590 ha and yield 13,108,999 tons of rice.
- In addition, there will be a promotion on plantation of sugarcane and cassava in Bolikhamxay, Khammouane and Savannakhet provinces; there will be a promotion of cultivation of tobacco for commercial production in Bolikhamxay province, and promotion of vegetable plantation in Hadxaifong, Vientiane Capital and Bolikhan district in Bolikhamxay province.
- Livestock: promote animal farming, especially in Vientiane Capital and Bolikhamxay and Savannakhet provinces, ensure pig and chicken farming provide enough supply to the market

and processing industry. Promote fish farming in Vientiane Capital and Khammouan, along the Mekong and Hinboun Rivers respectively.

- Continue investing in forest protection and replantation, continue decentralizing the Forest Protection Authority along with the promotion of agriculture and forestry, and provide technical advice on processing non-timber forest products (NTFP) to gradually change livelihood activities, which can gradually raise the income of the people who live in mountainous areas.
- Improve and upgrade international checkpoints throughout the country with a quality phytosanitary inspection system that is comparable with the international standards.

### Industry

- Create a favorable environment for attracting investments from domestic and foreign investors in industrial and commercial parks at KM21 in Vientiane Capital, Savan-Seno Special Economic Zone in Savannakhet province and Phukiew Special Economic Zone in Khammouane, to promote these zones as centres of cooperation in economics, industry and commerce, finance, services and modern technology development, by taking advantage of the location of these zones which is in the heart of the sub-region and their land-linking characteristic that helps facilitate regional and international integration, generating employment and providing training for the government officials and labourers. These activities are to enhance competitiveness and increase the number of the labour force to supply market demand from ASEAN.

### Commerce, Services and Tourism

- Apply multilateral trade policy to open the door for modernization, to supply the demand under the integration condition. Develop infrastructure and markets to connect trade between provinces and districts. Open trade relationships with other markets in the region. Prioritize developing markets along the East-West Corridor. Broaden market information-sharing with entrepreneurs, and with domestic and foreign investors.
- Post and telecommunications: Establish a postal centre for sub-regional integration and develop a telecommunications centre as the national basic infrastructure.
- Continue developing faster logistics services on Road Nos. 8, 9 and 12 to facilitate trade and cross-border transportation.
- Improve and upgrade cross-border trade services, especially at Savan-Laobao checkpoint, Namphao checkpoint and other checkpoints to deliver faster and acceptable services in line with the international standards, in order to facilitate tourism, trade and transportation.
- Improve roads that lead to tourist sites as well as transportation and accommodation, build the quantity and quality of tour guides, promote significant tourist sites in each province to make them better known to the public, develop tourist information centres, exchange experiences in different regions on tourism, and develop a regional and international tourist integration plan.
- Develop and promote tourism to be more diverse and interesting in different seasons, by creating integrated tourism between three countries, Lao PDR, Thailand and Vietnam, to be more comprehensive along Road Nos. 8, 9 and 12.

- Basic infrastructure development.
- Continue improving and upgrading necessary basic infrastructure, share basic infrastructure between provinces along the East-West Corridor and Road Nos. 8, 9, 12 and the southern part of Road No. 13. Improve the highway on the northern part of Road No. 13 to facilitate good transportation between Luang Prabang and Vientiane Capital, and upgrade it to become a connecting road between the north and the south. Construct roads that connect to the East-West Corridor to support tourist integration with neighbouring countries.
- Implement the road construction projects, including double-layer paved roads from Road No.8534 to the junction of Southern Road No.13 between Khampoun and Kang Pay, Xe Bangfai District (Khammouan province), and build 18 concrete roads along Road 11E from Kaysone to Heuan Hin. In addition to these, there are ODA projects, including building paved roads from Sikhai Junction to Sikert Junction, building four concrete roads from Tan Mixay traffic lights to Sikert Junction, and building a strategic road from Hin Herb to Sanakarm.

### Social Development

- Develop basic social infrastructure, and extend health and education services widely. Apply development assistance policy in the poor and underprivileged areas, prioritizing the underprivileged areas along the border. Increase investment in the national significant projects associated with the social sector.

#### 6.4.4.3 Southern Region

Strive to achieve rapid economic growth by focusing on the labour-intensive industrial processing sector, aiming to increase labour in the non-agriculture sectors. By 2020, the GDP growth rate is targeted at no less than 12.13 percent, with the agriculture sector growing at an average 7.78 percent, accounting for 29.49 percent of GDP in 2020, the industry sector growing at an average 14.07 percent, accounting for 33.73 percent of GDP in 2020, and the service sector growing at an average of 14.87 percent, accounting for 36.78 percent of GDP in 2020; strive to achieve GDP per capita at US\$2,169. The population is estimated to grow at an average 2.03 percent per year by 2020, totaling approximately 1,473,707. The aim is to reduce the poverty rate in the Southern Region to below 6.57 percent by 2020.

### Agriculture and Forestry

- Promote and expand production areas for coffee, cashew nuts, organic vegetables, tea, pepper and fruit tree plantations in Champasak, Saravane and Sekong provinces, and especially to promote agro-processing industry and export production in Bolaven Plateau, Paksong district. Prioritize the plains of Champasak and Attapeu provinces in rice production for domestic consumption and reservation to reduce imports. In the next five years, strive to increase the rice farming area to 1,308,772 ha, yielding total production of 6,080,590 tons of rice; prioritize fish farming, sericulture and beans plantation in eight districts of Champasak along the Mekong River. Promote the application of new techniques for animal breeding to increase animal farming in Saravane and Sekong. Promote Champasak province for cassava and jatropha plantation to produce alternative energy in the future. Promote commercial-industrial tree plantation in the

provinces with potential and opportunities, such as promoting rubber tree plantation and industrial tree plantation in Attapeu to produce paper for export through Phukeua checkpoint, “provided that a legal framework for consultations with and sufficient compensations for local people affected by industrial plantations is in place”. Intertwine forest exploitation and forest conservation through replanting trees in the exploited forest areas. Decentralize the authority on land, forestry and habitat management, and transfer knowledge on agriculture and forestry techniques to the people who live in the mountainous areas.

### Industry

- Develop the electricity generation industry, agro-processing industry and mineral processing industry. Establish a garment industry group along major roads as identified under the Southern Asian Economic Regulation and establish it in the cities identified as members of development triangles of Vietnam-Lao PDR-Cambodia and Thailand-Lao PDR-Cambodia.
- Create a facilitating environment to further attract domestic and foreign investors into industry zones at Km16 in Bajieng district, at Km12 in Phonthong district, and at Km30 in Sana Somboundistrict, Champasack; build a wind power factory in Dakjeung, Sekong; continue the construction of a coal-based energy generation factory; and improve cross-border trade services at Vangtao checkpoint in Phongthong district and at Nongnokkien checkpoint in Khong district to become faster and comparable with the services at the international checkpoints.

### Commerce, Services and Tourism

- Concentrate in the cities/towns that play important roles in connecting the commercial production zones with the markets, such as in Samakkixay (Attapeu province), Khong Sedon (Saravan province), Thateng (Sekong province), Paksong and Pathoumphone (Champasak province). This will significantly contribute to technology transfer, expansion of the market, modernization and services into the underprivileged areas in the Southern Region.
- Establish a shopping centre at the heart of the region to facilitate trade relations between the provinces within the same region and increase export commodities at the checkpoints nearby. Pay close attention to the market system at the borders, especially at the Vietnam and Cambodia borders, to align with the development of tourism centres of the region and between regions.
- Develop tourism centres in Pakse and along the roads that support tourism between regions and crossborders, such as National Road Nos. 18B and 14A, and Road No.15 that facilitates tourism integration with Tai Nguan and the central coast tourism industry of Vietnam, and the tourism industry in the north-east provinces of Thailand.
- To attract domestic and foreign tourists, focus on preserving tourist sites that have been accepted by UNESCO as World Heritage Sites, such as Wat Phu Champasak, Khonphapheng-Leephee Waterfall, Four Thousand Islands and other tourist attractions such as Wat Sakhae and Saysetha Stupa.
- In conclusion, the Southern Region is a prioritized area for adding value to the agricultural products by applying new technology and clean production, and promoting more processing industries to add value to potential products such as coffee, tea, rice and beans. Additionally, it

requires the construction of manufacturing factories and establishment of a labour skills development centre to build workers with skills and principle. It is also important to improve basic infrastructure for facilitating a quality and environmentally friendly tourism industry and linking the four southern provinces with other regions.

### Basic Infrastructure Development

- Develop major roads of the region that lead to the Vietnam–Lao PDR and Lao PDR–Cambodia borders. Upgrade provincial and district roads to ensure that all districts have roads to the centre of the region that are usable all year round. Complete existing irrigation construction and renovation projects, construct additional medium and small-sized irrigation systems, and establish water supply systems in the urban areas that are linking points. Develop basic infrastructure in two districts in the mountainous areas at the Vietnam border and in Kaleum district. Implement the projects on building paved roads and concrete bridges, including Road No. 3.6909 from Junction No.20 in Ban Temebang to Junction No.15 in Ban Bua (Saravane). In addition, there are ODA projects such as construction of the Sekong Bridge.

## 6.4.5 Outcome1, Output5: Improved Public/Private LabourForce Capacity

### Direction

Develop the workforce in both quantity and quality in various areas and at different levels according to the economic structure by focusing on the agriculture, industry and services areas in respect of the national development demand, and build capacity for them to compete in the region, especially in the ASEAN region. Build the workforce to be nationally conscious, to be good citizens, to respect laws and regulations and to be highly disciplined, ethical, tolerant and active in their work and self-development and thereby will become a healthy workforce, which is significantly essential for each period of the socio-economic development. Create employment opportunities for Lao workers that are consistent with international labour standards. Ensure that Lao workers are protected by effective labour laws and domestic and international ILO Conventions.

### Targets

- Maintain the unemployment rate at 2 percent.
- Provide skills development to 658,000 people.
- Successfully provide a recruitment service for 716,200 new workers.
- Improve the skills development centre in Oudomxay to be a testing centre that issues skill standards certificates for workers; to improve the skills development centre in Attapeu; and to establish new skills development centres in Bokeo and Sayabouly.
- Develop skills standards for 25 professions.
- Test and issue skill standards certificates for 10 professions in the construction area, 7 professions in automobiles, 6 professions in IT and 4 professions in tourism.

- Complete 100 percent of labour force registration in 306 labour units that employ 100 workers or more.
- Organize a labour skills contest at the national and provincial level at least once a year.

### **Priority Activities and Projects to Achieve Output**

- Develop the workforce to be technically expert in their professions.
- Develop a protection and management mechanism for Lao workers overseas and resolve issues associated with foreign workers in Lao PDR according to the laws.
- Promote research and application of science and technologies and issue skill standards certificates for labourers to build confidence and trust in the labourers and employers, which will help increase jobs and income security.
- Increase international cooperation to mobilize financial and technical assistance on Lao labour skills development to improve the quality of the Lao labour force.
- Strengthen the management of recruitment services and safe labour migration.
- Increase well-regulated and efficient recruitment by collaborating with technical and vocational education and training (TVET) in improving the teaching-learning curriculum, for instance, to be more suitable with the development situation in each period and responding to employers' demand.<sup>16</sup>
- Conduct a labourforce and labour market survey within the country.

### **Implementing Policies and Legal Instruments**

- Develop a decree on labour skills development and fund, and a decree on provision of assistance to returning migrants.
- Develop policy and mechanism to ensure that labourforce restructuring follows the direction on reducing labour engagement in the agriculture sector and increasing labour engagement in the industry and service sectors.
- Create a clear, adequate and transparent legal framework for the management and protection of migrant labour, with strict and efficient legal enforcement on employment.
- Improve regulations and mechanisms that ensure compliance with labour laws as revised in 2014, and upgrade the capacity of responsible provincial and district staff to ensure effective implementation of these laws.

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16 The curriculum should include worker's perspectives in (i) working, (ii) communicating and (iii) teamwork.

### 6.4.6 Outcome1, Output6: Develop Entrepreneurs, technical experts and professionals

#### Direction

Human development is a key factor of national development, especially in the generation of advanced science, technology and integration. Therefore, it is essential to build human resources to be knowledgeable, competent and proficient in areas of education and professions, to build experts in specific fields and to employ them in public and private organizations where they can contribute to national development and construction as they are capable of running private businesses efficiently and effectively. At the same time, it is essential to concentrate on developing and managing technical services to build experts who specialize in each profession that can support the national development in each period. It is important to encourage Lao entrepreneurs to develop their business with local potential and uniqueness while promoting the use of new and innovative technology in doing business.

#### Targets

- Build a workforce in the following areas: building/construction, car mechanics, electrical engineering, civil engineering, mining engineering, geographical engineering, etc., that will enable workers in such areas to run their own business or become a new generation of small enterprises.
- Build a workforce in administration and management, such as business administrators, financial managers, economists and lawyers.
- Build at least one technical school in each province, and upgrade technical schools in some provinces, if applicable, to be colleges that can provide training at various levels in many more ways.
- Create more opportunities to enrol in vocational schools and training courses, for 60 percent of graduates at general education level.
- Build capacity for local firms, especially SMEs in processing industry, handicraft and local traditional products that represent national uniqueness.

#### Priority Activities and Projects

- Focus on improving and updating curriculum for vocational and university education.
- Improve and expand basic infrastructure for learning and teaching as well as training in different fields of work.
- Improve and develop the coordination mechanism between the public and private sectors in building skilled mechanics and technical staff.
- Improve the data collection system as necessary and disseminate the data regularly.

#### Implementing Policies and Legal Instruments

- Reform the vocational education system and vocational trainings that will ensure higher effectiveness and efficiency in labour development and training.

- Develop vocational teachers in various professions (technical specialization and pedagogy) at different levels, domestically and internationally, and sufficiently employ them in the vocational and training institutions across the country at some level.
- Develop supporting policy to promote the linkage between production and employment generation by the business operators.
- Develop supporting policy to encourage more secondary graduates, as well as those who lack opportunity to study, to enroll in vocational education.

## **6.4.7 Outcome 1, Output7: Regional and International Cooperation and Integration**

### **6.4.7.1 Bilateral and multilateral cooperation**

The direction for mobilizing ODA focuses on bilateral and multilateral cooperation, cooperation that focuses on the implementation of work plans with several stakeholders to implement and mobilize the fund and guarantee fund contribution. The overall cooperation framework between Lao PDR and development partners must adhere to effective results, supportive of each other and have characteristics of chain results associated with previous projects. In addition, it should also support and mobilize the fund from international non-governmental organizations more and be in accordance with relevant decrees and legislation in order for the mobilization and utilization of funds to comply with the specified objectives and be used effectively.

#### **Bilateral cooperation**

Continue to expand cooperation with other countries and deepen it in the sectors focused on by other countries; in doing so, pay attention to work and projects related to poverty reduction and some off-track MDGs. Focus on the necessary infrastructure development and capacity building to be the basis for the national development and lift the country out of LDC status by 2020; at the same time, continue to consult with other countries on low-interest loans. In addition, open up to potential cooperation with some European countries.

According to the development direction of other countries, increasing south-south cooperation and tripartite cooperation is necessary, maybe by starting from projects on training and exchanging experts in order to lead to tripartite cooperation by requesting developed countries to provide funding for the implementation of this type of cooperation.

Continue to cooperate with and mobilize funds from Asian countries, European countries and the US, for implementation of the socio-economic development plan, more funding and higher results.

#### **Multilateral cooperation**

The direction for multilateral cooperation shows that it is necessary to continue seizing opportunities and increasing efforts for more cooperation in the Greater Mekong Sub-region (GMS), starting with AESAN as a negotiating partner. The GMS cooperation has been going well and cooperation in the GMS and the triangle development area will continue. Apart from that, there is cooperation with financial institutions

such as the World Bank, IMF, ADB and Organization of the Petroleum Exporting Countries. However, loans must be in line with public debt management of Lao PDR. Continue to take loans with lower and long-term interest rates to support projects necessary for infrastructure development. For loans with a business interest rate, there should be a specific mechanism associated with the economic sector with a guaranteed return for loans that can not be listed as ODA. In addition, there has also been continuation in accessing funding from established international funds for addressing world emergency problems, such as: the Fund for HIV/AIDS and other contagious diseases, environmental fund, carbon fund and other development funds.

Continue to develop cooperation and access assistance from UN agencies to mobilize more funding for improving governance, protection and development of human resources, poverty reduction, UXO clearance, addressing and responding to epidemic diseases and for the implementation of international conventions. At the same time, pay attention to managing assistance from international non-governmental organizations systematically, in order for the incoming funding flow and the implementation of funded projects to be effective and in accordance with the development direction of the country.

#### **6.4.7.2 Regional and international integration (linking and integrating on trade)**

##### **Direction**

Regional and international integration for expanding the economic, social, political or stability cooperation with the region by starting from economic-trade cooperation ensuring mutual benefits to reduce the development gap with other countries.

In the process of integrating at the regional and international levels, Lao PDR needs to ensure the linkages within the country, which is an important basis for the integration (infrastructure, road, water and air transportation, electricity coverage, telecommunications, economic corridors, economic zones and so on). At the same time, regard the linkages as an important strategy in transforming the country from not having access to the sea to a country integrated at the regional and international levels.

##### **Targets**

- Trade Openness ratio to gross domestic product to reach more than 70% by 2020.
- Expand the means of transportation by building Mekong bridges in Pakxan district (Bolikhamsay province to Beung Karn province, Thailand), Pak Taphan (Saravan province to Ubon Ratchathani province, Thailand), Kon Teun village, Paktha district, Bokeo province; Chomphet in Luangprabang and the Mekong rail bridge in Vientiane Capital.
- Conduct feasibility studies and surveys to design the improvement of canals for river transport from the Lao PDR–China–Myanmar border to Luang Prabang.
- Build international standard harbours to support shipping of 500 tons in Xiengkok in Luangnamtha province, Pakbeng in Oudomxay province, Kok Jong in Luangprabang province and the third harbour in Vung Ang, Vietnam.
- Improve the management of airport systems and facilities to meet the international standards in order to accommodate the growth of domestic and international air transport.

- Focus on the development of railway vertical and horizontal line networks, to enable basic connectivity with neighbouring countries and potential markets.

### Priority Activities and Projects

- Ensure effective integration and create good opportunity for the country, readiness in macroeconomic stability, stable economic growth and access to domestic and foreign funding sources by the business sector and readiness in banking and financial institution, as are necessary for the strong foundation of the integration.

#### Economic–Trade Integration

- Maximize opportunity for market expansion both within and outside the country. Open up competition in the processing industry and trade service sectors by determining the niche products of the country by industry area; create a variety of goods and also prepare legislation, rules and laws to facilitate trade, such as entering into membership of the WTO and AEC; improve access to funding sources; create new entrepreneurs who are ready in all aspects, and support and upgrade existing entrepreneurs to be more competitive; improve and promote SMEs to be ready and strong, and create integration between SMEs and big enterprises to create production chains. Focus on increasing external trade. Increase the coordination mechanisms between sectors and between local areas.

#### Transport Integration

- Upgrade public works and the transportation sector to be the development spearhead for linkages within the country, and integration and linkages with the regional and international levels, by facilitating quick services and ensuring safety in creating conditions for investment, production, trade and tourism. Focus on improving and expanding infrastructure, as follows: i) roads: national avenues, linking roads from provinces to districts and villages; ASEAN main roads Nos. 3, 13 north, 13 south, Road No. 2, No. 8, No. 12, No. 16 and No. 9; ii) railways: Boten–Vientiane Capital, Vientiane Capital–Thakhaek–Muya, Thakhaek–Savannakhet–Champasack–NongNokkhen and Champasack–Vangtao; iii) water transportation: improve the waterway from the border of Lao PDR–China–Myanmar to Houayxai, improve services of Huang-anh Ports to facilitate Lao import and export of goods with reasonable prices; iv) air transportation: improve and upgrade domestic and international airports to meet international standards, expand flying routes with countries in the region, create everything necessary for flight, such as quality personnel, flight radios and safe air traffic management; develop and expand standards for the logistics system in Laos.

#### Energy Integration

- Develop national energy to be sustainable, aiming at ensuring power stability for domestic use (hydropower, charcoal) and being competitive in the region, focus on generating energy that is more certain, create basic rights and a variety of energy business types in order to sufficiently meet requirements of consumers; research new power sources and increase the expansion of renewable energy and other alternative energy sources (solar power, wind power, bioenergy, biogas); focus on the development and utilization of clean and

environmentally friendly energy in association with the protection of forests and water sources; continue mining surveyed that indicate high volume of mines. Expand electricity coverage to rural remote and hard-to-access areas, leading to at least 90 percent of the total number of families in the country having access to electricity by 2020; develop projects to export energy to foreign countries – three projects are under construction with a total power installation of 3,428 MW: Hongsa Lignite Thermal Power Project (1,878MW), Xayyaboury hydro project (1,260MW) and Xe Khaman1 hydro project (290 MW). At the same time, in the next five years, strive for project development agreement (PDA) and concession agreement (CA) contracts to start the construction of 24 projects, expand the electricity sector by an average of 32 percent per year, reduce the negative balance of electricity export and import by limiting electricity imports to no more than 20 percent of the country's usage by 2020.

### Labour Integration

- Enable the labour force to adapt to changes in the regional and international labour market step by step, by focusing on developing labour skills so workers have knowledge, capability, creativity and discipline, and have a training curriculum to meet the requirements of the production market, for instance in ASEAN countries, on labour skills standards, examine and issue certificates and organize a labour skills competition regularly; increase the minimum wage; determine clearly the allowable proportion of imported foreign labour, to enable the country to manage the local labour force and ensure its employment; ensure the movement of labour within and outside the country is systematic and has clear mechanisms to ensure employment; establish and improve the social insurance network to be strong and efficient to protect the rights and benefits of workers in all sectors, fields and professions; focus on developing a labour market information system, establish and strengthen the network of employment services to be able to meet labour market requirements; seriously focus on transforming labour market structure by moving labour from the agriculture sector, where a high proportion is represented but has low effectiveness, to the industry and service sectors, which are more effective. Improve the social protection system to become stronger and more effective in protecting the rights and benefits of workers in all sectors, fields and professions.

### Culture and Tourism Integration

- Culture is the main foundation of sustainable development of the nation, leading to solidarity in the society and pushing the society to expand and integrate at the regional and international levels, based on preserving and protecting Lao cultures and traditions and paying attention to raising people's awareness to love Lao cultures and traditions. Cultural development must be associated with tourism, which is regarded as the country's opportunity to promote the cultures, history, traditions and heritage of the country to foreigners. Tourism development should be seen as the national opportunity for widely promoting Lao cultures to foreigners.
- Increase international cooperation in tourism to attract more tourists, by integrating Lao tourism into the regional and international tourism industry.

### **Integration of Information, Communications and Technology (ICT)**

- Increase the role of ICT to become a driving force of the socio-economic development regarding regional and international integration in order to facilitate communications and data transfer to be faster and safer as a favourable condition for attracting investment, manufacturing and tourism. Focus on developing quality ICT networks with high speed services in all areas and to meet technology standards of ASEAN and the world. Develop and expand communications control systems to support the modernization of the international gateways that can meet specific requirements in the short and long run. Develop a system of ICT integration and Internet connectivity with countries in the ASEAN region.

### **Implementing Policies and Legal Instruments**

#### **Trade Integration**

- Develop the legal system in economic areas to be hand in hand with each other and increase the implementation of laws.
- Develop policy on promoting government, private and entrepreneurs' participation by establishing forums for regular consultation.
- Develop policy on the development and promotion of products that are unique to the country and are able to compete within the GMS, the region and internationally, by creating new products or services and developing a variety of goods based on the potential of each local area and based on market requirements; promote and expand the local economy that embraces local, community-based, innovative production.
- Develop policy on accessing funding sources, and attract investment from within and outside the country.

#### **Transport Integration**

- Develop and improve legislation such as the management of vehicles, monitoring and managing goods and passenger transportation with a GPS system.
- Apply a policy on the development of economic corridors in the north, south, east and west, by linking them effectively with goods and passenger transportation by roads, water and air.
- Apply a policy on green development of cities, for orderly and clean cities that have no pollution and are attractive for living in.
- Apply a policy on communications in association with policy on production for business and industry.

#### **Energy Integration**

- Apply a policy that will ensure the stability of energy by focusing on the sufficient provision and distribution of electricity to production and service areas. For out-of-coverage areas, there should be research on alternative sources of power; expand electricity coverage to areas with no electricity coverage or insufficient electricity.
- Apply a policy that will facilitate improvement of the peoples' participation mechanism in management and reduce government subsidy while moving toward privatization.

- Conduct a study and develop a master plan for rural electricity and construction of small hydropower plants in areas where it is possible, and solar power or diesel power generation in remote areas where hydropower is not possible.
- Apply a policy on determining electricity price.
- Apply a policy on investment in developing renewable energy and alternative power sources.
- Apply a policy on saving energy and effective use of power that is also a policy on international power integration.
- Apply a policy on environmental protection by promoting the use of new technology which is environmentally friendly and produces a minimum amount of pollution to the environment and society, and support the development and greater use of clean energy.
- Apply a policy on collaboration with several sectors, such as on forests and water sources protection, which requires collaboration with the agriculture and forestry sector.

### Labour Integration

- Apply a policy on the development of labour skills in quantity and quality by establishing national standards on labour skills in different career areas and regularly organize a competition on labour skills at provincial and national levels to improve and increase experience in labour skills development.
- Apply a policy on developing a quality database system on labour market information nationwide, ensuring the labour market information collected is compatible with bilateral and ASEAN labour market information and databases.
- Expand social protection benefits to all people, especially the poor and those working in the informal economy, and disseminate the law on social security to the target audience.

## 6.5 OUTCOME 2 OUTPUTS

### 6.5.1 Outcome 2, Output 1: Improved Living Standards through Poverty Reduction using the 3-Builds Directions

#### Direction

- To solve the poverty of the population and ethnic minorities<sup>17</sup> across the country by enhancing robust and firm political roots and carry out comprehensive rural development linked to the building of developed villages according to the 4 statements and 4 targets: economic development is regarded as the central task, along with sociocultural development and environmental protection, to safeguard the national defence and security and to maintain political stability; agglomerate big villages into small towns in rural areas linked to production facilities in the local regions and territories; resettle the displaced people by allocating new places to stay and permanent professions in a priority manner; create rural employment and

17 A focused poverty reduction strategy will take into consideration the following important aspects of the poverty profile in Lao PDR: (i) half of the poor are chronically poor and the other half suffer from transitory poverty; and (ii) a larger number of poor people are now located in large provinces with average poverty rates. This calls for adequately addressing the issue of household vulnerability and having adequate social safety nets to mitigate shocks.

income-generating activities for poor and vulnerable rural households through an integrated approach; continue putting efforts into clearing the UXOs from development territories, tourist sites, and agricultural production, livestock raising and residential areas. In parallel, pay attention to carrying out treatment, health rehabilitation and assistance for UXO victims.

- Continue implementing the 3-builds directive to improve and strengthen the Party committees at provincial, district and village levels, to become strong, transparent and with high levels of leadership. Strengthen solidarity and harmonization among ethnic groups in the provinces.

### Targets

- The poverty rate decreases to 10 percent by 2020.
- The poor families rate remains at not more than 5 percent by 2020.
- The remaining poor villages are less than 10 percent of all villages.
- The remaining poor districts are less than 10 percent of the total number of districts,
- Establish developed families to be more than 50 percent of the total number of families.
- Establish developed villages to be more than 50 percent of the total number of villages across the country.
- Group big villages to form small rural towns, achieving three small rural towns in each district.
- Reduce the number of poor districts to half of the total number of districts across the country,
- Establish developed districts until they represent more than 10 percent of all districts.
- Attempt to sort out migration problems.
- Reduce the number of the UXO victims from 45 persons per year to 40 or less per year by 2020.
- Put efforts into clearing UXOs from priority areas to enhance the living standards of the population and ethnic minorities and the government's socio-economic development projects, to have a clear area of 30,000 ha.
- Complete a non-technical survey to collect baseline data on UXO contamination in nine provinces in accordance with the national survey standard of Lao PDR based upon capacity, equipment and budget availability. By 2020, complete the survey in at least 5,238 villages in nine provinces (Attapeu, Champasak, Huaphanh, Khammouane, Luang Prabang, Saravan, Savannakhet, Sekong and Xiengkhouang).
- Complete the survey to locate UXO-affected locality in 124 priority development areas in nine provinces by 2020.
- Provide assistance to 1,500 UXO victims (survivors) by 2020.

### Priority Activities and Project

- Launch staff missions down to grass-roots areas to concentrate on transforming villages into developed units according to the 4 statements and 4 targets, by accelerating the means to

- counteract social drawbacks appearing in various villages and districts to secure the grass-root areas, to return the good social order and make the people enthusiastic to contribute to the development. Solve the people's poverty and improve the people's living standards, bringing them step by step to better conditions.
- Focus on attracting funds from various sources and conduct advocacy to raise all parties in the society to have the will to widely and actively contribute to poverty reduction.
  - Ameliorate and construct necessary basic infrastructure in rural and remote areas, for instance to upgrade and construct roads in rural areas to connect villages to districts and districts to provinces, to interlink them within regions. Construct public and private sector service facilities to make them accessible to the population and to transport products and goods to the markets for distribution between districts, provinces and frontiers.
  - Allocate residential housing for the people, particularly in the villages that have no production area. Design and plan villages well and enforce planning implementation, consisting of a village administration office (village office), village hall and village information centre, etc. Supply water for production by rural people for two seasons, aiming to support food supply and production objectives as well as commercial goods generation linked to the agro-irrigation development programmes. Prepare to cope with climate/weather changes and reduce the damage caused by natural disasters.
  - While Sam Sang future orientations stress the need to “agglomerate big villages” and “resettle the people by allocating new places to stay”, there is a need to be very careful as this could have a negative impact on the socio-economic and nutritional status of the population displaced.
  - Promote the intellectual economy and subsequent production of diversified commercial goods.
  - Encourage the people to produce diversified goods in accordance with their heritage in various local areas, such as agricultural and forest products, in order to attract tourists, and to produce souvenirs for domestic use and for exports, such as Lao silk clothes, carved and painted wood and metal products, etc.
  - Create jobs and more income generation for the people linked to tourism.
  - Concentrate on solving UXO impacts by ensuring implementation of the survey in focal and priority areas.
  - Concentrate on sustainable management and efficient utilization of natural resources.
  - Focus on addressing the market disparities in the sector; in particular, water, sanitation and hygiene in rural areas is required. There is a need to improve access to water supply and address open defecation practices and disposal of children's faeces. School sanitation coverage has not progressed and school hygiene is largely inadequate.<sup>18</sup>

18 WASH is a critical component in addressing under-nutrition. In Lao PDR, an estimated 10 percent of under-5 deaths are due to diarrhoea. The data show a strong association between WASH and diarrhoea, underweight and stunting.

## Implementing Policies and Legal Instruments

- Improve and set investment policies serving the areas of production, tourist service, education and health in the remote rural areas to clarify them in order to attract more private investments, aiming to create employment and further income generation for the people by focusing on the investments that employ rural labour, as in the activities of the agriculture and forestry sector, mining, power and processing industries, etc. In parallel, develop professional training in various special ties to upgrade the labour skills and expertise of the rural people to reduce the flow of labour into cities and spread more development out to rural areas.
- Issue appropriate policies for customs and tax collection, credit issuance, site resources utilization and asset capitalization; objectively promote the entrepreneurs and others in the dangerous, rural, remote and poor areas.
- Improve and issue regulations at the lowest administrative level of local areas to render them consistent with actual conditions, deriving them from general regulation and principle.
- Strengthen the sectors' responsibility and ownership in the detailed implementation of sector policies and concentrate on objectively directing and supervising the staff and funds used in the actual operation in the local areas.
- Issue policies that promote the staff at central, provincial and district levels who carry out their field mission in remote and dangerous areas, consistent with the actual situation and fitting their capacities.
- Formulate a national strategy on rural employment that defines strategies, methodology and projects for promoting rural employment and income generation.
- Increase coordination within the government organizations and involve civil society in implementing the UXO clearance, as civil society plays a very critical role in supporting the Government.

### 6.5.2 Outcome2, Output2: Food security Ensured and Malnutrition Reduced

#### Direction

Ensuring food security with adequate nutrition and safety for consumers' health is a key development task which will require upgrading production performance, improving physical and mental health (especially for disadvantaged youth and children, and women of reproductive age) in order to contribute to solving poverty, reducing malnutrition and improving their livelihoods in a sustainable and inclusive manner.

#### Targets

- Availability of food for the people is sufficient with essential nutrients; each person will have daily energy intake of 2,600–2,700 Kcal.
- Potential agricultural products are identified that represent local characteristics and potentially become priority products under the clean agriculture standards.

- Agriculture productivity is lifted.
- Animal husbandry is shifted from nature-dependent characteristics into farming and industrial characteristics. The farm products share is greater than 30 percent of total animal products.
- Reforestation area to reach 70 percent of total area or the forest cover is 70 percent of total area by 2020.
- Two priority areas are identified as irrigated agriculture model areas for rice, vegetables, livelihoods and fishery.
- Allocate areas for agricultural production based on the following soil and atmospheric conditions:
  - Large flat areas (Vientiane, Bolikhamsay, Sebangfai, Sebanghieng, Sedon, Champasak and Attapeu) are suitable for irrigated agriculture development, rice farming (priority for Savannakhet and Khammouane provinces), and industrial tree plantation.
  - Plateau and mountainous areas (Bolaven, Nakai and Xiengkhuang Plateaus) are suitable for fruit tree plantation and cold weather flowers and vegetables. Nakai Plateau is suitable for fish nursery and fishery as it surrounds a huge lake. Xiengkhuang Plateau is suitable for growing grass to feed animals and for cold weather trees, flowers and fruits.
- Other targets.

### Priority Activities and Projects

To accomplish food security targets, there is a requirement for sustainable and integrated agriculture development through the promotion of clean and organic agriculture which is environmentally friendly. Close attention is needed on the following tasks:

- Properly allocate agricultural production areas by classifying and identifying land use areas, such as areas for rice farming, cash crops plantation, large animal husbandry, poultry and aquatic animals, and target areas for tree plantation for supplying the domestic and export markets.
- Develop basic infrastructure and identify target areas for irrigation, especially in two priority plains (Sebangfai and Sebanghieng) as well as other plains, to focus on rice farming and shift towards irrigated cultivation of the target plants (comprehensive agricultural production).
- Improve existing irrigation systems in 10 provinces: Luangnamtha, Bokeo, Sayabouly, Vientiane, Vientiane Capital, Bolikhamxay, Khammouane, Savannakhet, Champasack and Saravane.
- Identify potential areas for organic farming and widen the practice of clean agriculture to ensure food safety.
- Be proactive on risk management and mitigate impacts of natural disasters.
- Expand modern and highly effective agricultural production, and apply advanced science and technology into primary production.
- Improve the management system on the use of production factors.
- Provide production technical services and promote their use by conducting research on rice seeds, plant seeds and animal breeds, and experiment with new technologies to upgrade productivity.

- Build rice storage/warehouses to ensure food security in anticipated events of natural disaster, food crisis, etc.
- Improve and develop a system to apply sanitary and phyto-sanitary measures.
- Create the connection between agricultural development and processing industries to promote commercial production, and clearly identify the division of tasks between the agriculture sector and the industry and commerce sector at all levels of production
- Others.

### **Policies and Legal Instruments**

- Clear and practical policies on food and nutrition are needed, including policies on expanding production areas and increasing productivity.
- The identification and classification of agricultural land needs to be clear and appropriate to the geographical situation and temperature in each area. In addition, to prioritizing areas for rice production and land allocation for other possible types of plantations, it is equally essential to consider plantations for industrial trees, short- and long-season vegetables, and potentially suitable livestock.
- Policies to develop comprehensive basic infrastructure are required (e.g. development of irrigation systems, agriculture extension, creating a centre to support seedlings of potentially suitable vegetables, rice and livestock breeding) to ensure market competition and sufficient supplies for domestic consumption. Modern laboratories, an analysis centre and technical service stations that meet international standards are also needed to enhance competitiveness in regional and international markets. Improved roads are also needed to facilitate the transportation of goods and raw materials in both seasons of the year. Sufficient energy and water supplies need to be ensured to facilitate agricultural and industrial production.
- Appropriate policies for farmer credit loans are needed in order to reduce production costs, increase negotiating power in supplying and pricing, and to act as collateral to access financial resources from financial institutions.
- Apply promotion policy on the commercial production of agricultural commodities of national priority and local products in order to create linkage between agricultural production and the tourism industry; encourage more private participation and investment in agriculture; and clearly divide responsibilities between public and private participation in each province.
- Apply sanitation and phyto-sanitation policies to limit the consequences of and stay proactive where there are outbreaks; establish monitoring and certifying systems for food safety operators to build trust among domestic and foreign consumers. There is also a need to ensure clean and strict inspection on imports of consumption goods, as well as animal feeds and vaccines. It is also important to ensure clean animal farming areas and systematic and regular transfer of knowledge among farmers, as well as regular quality inspections of factories and slaughter houses to meet international standards.
- Strengthen capacity at the grass-roots level to enable knowledge sharing and on-job training to farmers on a regular basis (e.g. on techniques of plantation and animal husbandry) to reduce

- production costs and ensure products are in line with market demand and enable regularly and timely production.
- Establish a risk reduction fund to help alleviate the burdens of production costs for the farmers during agricultural product price fluctuations, thus helping to create price competitiveness with foreign producers.
  - Promote consumption behaviour that is in line with sanitation and food nutrition principles by conducting campaigns and including these principles in the school curriculum from kindergarten onwards.
  - Improve coordination between sectors concerned to become stronger, more effective and more systematic, especially in the areas of public health, education, agriculture, environment, industry and commerce, etc. The industry and commerce sector needs to pay attention to safe, clean and of good standard processing and supply of raw materials as inputs for factories; improve and expand commodity supply to the market in a sustainable system; strengthen coordination with, and increase participation from, the public works and transport sector, energy and mining sector, and banks and financial institutions.
  - Increase cooperation and close collaboration between the public and private sectors (especially business operators, enterprises, domestic and foreign firms) to expand the production base and thus enable sufficient supply of raw materials from agricultural products to processing factories.
  - Formulate and improve legislation on zoning and plans for land use for agriculture that suit the actual development situation and needs for sustainable agriculture development.
  - Formulate and improve legislation on sanitation and phyto-sanitation as a commitment and action toward international treaties.
  - Create a cross-cutting strategy and action plan on food and nutrition for 2016–2020.

### **6.5.3 Outcome 2, Output 3: Universal Access to Quality Education:**

#### **Direction**

- Continue reforming the education system by concentrating investment on the tasks set in the Education Strategy and Human Resources Development Strategy to give everyone access to education (from kindergarten to vocational and university levels) in response to demand from socio-economic development; improve and expand basic infrastructure for education for all, especially those in remote areas; extend educational opportunities to children and adolescents to strengthen the reading skills of preschool children and young people, and improve literacy among adults and those in remote areas in order to fulfil the policy on compulsory education at primary level and then at secondary level, as a foundation for developing and improving labour skills and quality; ensure an incentive policy is applied to attract more students at vocational education levels; improve and modify the curriculum for vocational and university education in fields that suit socio-economic development, such as engineering, mining, processing, handicraft, mechanics and services. This is to help ensure a higher quality of education and sufficient labourforce that is to be employed in the production and service sectors

and that supports future national development and enhances capacity to integrate and compete at the regional and international levels.

- Develop capacity for athletes and gymnasts to become professional and meet the regional and international standards step by step; encourage all people in society to play sports and do gymnastics, especially young people, women and seniors; promote and develop sports of indigenous groups and make them national sports as appropriate.

### **Target**

- Gross enrolment rate of children aged 5 years reaches 80 percent.
- 90 percent primary school survival rate.
- 85 percent lower secondary school enrolment rate.
- 60 percent upper secondary school enrolment rate.
- 5 percent of lower secondary school graduates enrolled in technical schools and 90 percent of lower secondary school graduates enrolled in upper secondary education.
- 60 percent of upper secondary school graduates enrolled in vocational education and 20 percent of upper secondary school graduates enrolled in tertiary education.
- 99 percent literacy rate among 15–24-year-olds.
- Literacy rate of population above 15 years old reaches 95 percent.
- 30 percent of the total population is engaged in exercise and plays sports or gymnastics.

### **Priority Activities and Projects to Achieve Output**

- Develop educational basic infrastructure, especially extending kindergarten and primary schools in the villages without permanent schools, extending lower and upper secondary schools in the areas where it is possible, improve the quality of education and sports, and build a vocational school for each region.
- Improve the quality of learning and teaching by paying attention to improving teacher quality and improving learning-teaching tools, build laboratories and other necessary rooms to focus less on learning by theory and more on learning by actual experiment and practice.
- Improve the educational administrative system from central to the provincial levels.
- Prioritize more scientific research and the application of research results in the learning and teaching process to raise the quality of education for students and pupils.
- Prioritize improving physical learning, and especially improve the capacity for trainers and selected athletes with talent to join national sports teams.
- School meals are a pull factor for education as well as a social safety net for children in remote and rural areas and the Policy for Promoting the School Lunch is important.

### **Policies and Legal Instruments**

- Continue implementing evidence-based educational reform strategies.
- Continue implementing the national action plan on education for all and the education development framework.
- Continue applying the policy on automatic graduation.
- Improve policies for staff working in remote areas to be more suitable and situation appropriate.
- Encourage the private sector to invest in education through a public–private partnership (PPP) approach.

### **6.5.4 Outcome 2, Output 4 – Universal Access to QUALITY Health Care Services**

#### **Direction**

Expand and improve the quality of integrated public health services to ensure access to healthcare and medical services for all; strengthen public services management regularly and continuously by improving and expanding infrastructure that will enable the extension of public health services to remote rural areas; increase the capacity to provide treatment and preventative medicine by employing and training healthcare professionals, including nurses, with the skills and ethics required to provide better services and apply appropriate technology in order to raise the quality of healthcare services; ensure sustainable finance for the health sector by increasing the public budget and funding to broadly cover private and community health insurance. Ensure children receive adequate nutrition, practise food hygiene and eat a variety of nutritious foods from each of the five food groups; carry out campaigns in the communities to raise people’s awareness of the importance of keeping healthy; provide healthcare information and services, especially on reproductive health and family planning, and information on sanitation; supply adequate clean water and sanitation facilities in urban, rural and remote areas to ensure access to clean water and latrines. Increase sanitation coverage in schools.

#### **Targets**

- Achieve an average life span of 71 years.
- Underweight ratio in children under 5 reduced to 20 percent and stunting ratio reduced to 32 percent.
- Mortality rate of children under 1 year old reduced to 30/1,000 live births.
- Mortality rate of children under 5 reduced to 40/1,000 live births.
- Maternal mortality rate reduced to 160/100,000 live births.
- 90 percent of the population use clean water.
- 75 percent of the population use latrines.
- 90 percent of children have received measles immunization.
- 80 percent of the population is covered by health insurance.

### Priority Activities and Projects

- Improve and establish health centres in the appropriate areas, upgrade district hospital capacity to carry out small case surgery, upgrade provincial and regional hospitals to increase the people's trust in healthcare services.
- Consistently build and train field medical staff in the remote areas; send more new medical graduates to the provinces for internship.
- Broadly expand private and community health insurance.
- Continue establishing more health model villages.
- Continue the effort on food quality and medicines inspection and take measures against law violations.
- Improve the health information system to be accurate, fast and up to date.

### Implementing Policies and Legal Instruments

- Continue applying policies on free health treatment and ensure that the policy application is appropriate to the actual needs, especially free birth delivery and healthcare for children under 5.
- Encourage more participation from all stakeholders in health treatment and healthcare services for the people.
- Develop policies on health information and develop guidelines on information standards.
- Develop policies on quality of public health services.

## 6.5.5 Outcome2, Output 5: Improvement of and Access to Social Protection

### Direction

Establish and improve a social insurance system and expand its coverage widely and effectively to ensure that the rights and interests of workers and the poor are protected, to guarantee inclusive and sustainable development. Establish a mechanism to manage and protect child benefits; encourage workers and people in all professions to contribute to the health insurance fund; provide policies for people including those with disabilities who contributed, served and have been dedicated to the national democratic revolution. Promote public participation in helping disadvantaged people and victims of disasters in a transparent, efficient and timely manner.

### Targets

- Ensure insurance and health insurance coverage of 80 percent of the population by 2020.
- Implement a policy that provides benefits to 31,830 people who made outstanding and great contributions to the national democratic revolution.
- Establish a social fund in all 18 provinces and help improve the quality of life for deprived people and victims of disasters and human trafficking.
- Establish networks for protecting the rights and interests of children, and prevent and combat human trafficking in 800 villages.

### Priority Activities

- Disseminate regulations on social security to workers and employers in the private and public sectors so they understand the importance of health insurance.
- Disseminate policies and decrees on social welfare, including the social safety net, to victims of disasters and ensure coordination with Outcome 3, Output 2.
- Improve the coordination mechanism between the labour, public health and other concerned sectors to ensure social security is modernized and efficient.
- Build infrastructure for disabled officials' accommodation.
- Conduct a survey on the disabled and elderly across the country.
- Implement a project for basic healthcare provision for the disabled and elderly.
- Improve counselling services to protect at-risk children and families.
- Enhance emergency assistance programmes extensively to help victims of disasters, with cooperation from all members of society.
- Protect and assist children, and establish responsible committees at provincial and district levels.

## 6.5.6 Outcome 2, Output 6: Protection of national Traditions and Cultures

### Direction

To protect and preserve the historical and cultural heritages of the nation so that they remain indefinitely in Lao society; enhance the unique cultures of ethnic peoples and cultural tourism; develop civilization, while selectively accepting positive universal cultural values in time of globalization, as well as deterring cultural problems in society. Improve and develop varied and high quality cultural products, actively contribute to the sustainability of national socio-economic development. Develop cultural villages and cultural families to contribute to a peaceful, safe and civilized society.

### Targets

- Establish cultural families to comprise 80 percent of all families in the country, cultural villages to comprise 65 percent of all villages in the country and cultural cluster villages to comprise 16 percent of all villages in the country.
- Restore, preserve and promote the uniqueness of cultural heritage, both physical and non-physical items.
- Upgrade provincial cultural heritage, history and nature to be national heritage.
- Create cultural parks at national and local levels.
- Create model cultural villages to be tourist destinations.

### Priority Activities and Projects

- Support the restoration, preservation and enhancement of the nation's unique historical and valuable cultural heritage.
- Disseminate and raise the awareness of ethnic peoples of the nation's cultural values in big cities and communities to establish a livelihood pattern that is in line with the advanced cultures.
- Develop a master plan for managing and protecting the Plain of Jars in Xiengkhouang province and Hinnamnor in Khammouane province in order to propose them to be included in the national heritage.
- Excavate and conduct research on historical places nationwide.

### Policies and Legal Instruments

- Revise and develop legislation for the management work related to cultures and the process of registering items in the national heritage.
- Provide rewards for the tourism sector at geographical level that meet the regional standards.
- Increase coordination between central and provincial governments in improving the curriculum on tourism for each level of higher education and bachelor courses.

## 6.5.7 Outcome 2, Output 7: Maintain Political Stability, Social Peace, Order, Justice and Transparency

### 6.5.7.1 Enhance Solidarity and Unity

#### Direction

- Enhance and increase the awareness of ethnic peoples to understand the Party's and Government's policy directions deeply; widen and enhance democracy strictly according to the centralization principle, strengthen the political foundation by providing training on political thinking and regulations set by the Party-Government. Enhance the creativity of students and scholars, and army and police officers, to be able to contribute to the democratic government with peace, independence and prosperity. Enhance the historical leadership of the Party-Government to be able to apply to the current situation science and democracy. Take ownership in the integration and cooperation with foreign countries in accordance with the foreign affairs directions of the Party-Government.
- Strengthen national defence and public security by promoting each individual to take the initiative in protecting public security and keeping society in order, creating trust and safety in the livelihood of people and in business and tourism; ensure socio-economic development is carried out consistently and achieves high results.

### Priority Activities and Projects

- Disseminate policy directions, laws and regulations and educate women, young people, juveniles and ethnic peoples on political thinking for their broad and deep understanding for active contribution to the country's development.
- Improve the structure of the organization and management according to the 3-builds directions of building provinces to be strategic units, building districts to be holistically strong units and building villages to be development units.
- Increase coordination between central and local, local and local, government and private entities and other relevant parties.

### 6.5.7.2 Social Drawback Prevention

#### Direction

- Suppress and fight against social threats impeding national protection and development, including human trafficking, which is a serious political and transnational issue. It is important to prevent and protect ethnic Lao people from human trafficking; protect people's rights and interests overall but especially protect the victims of human trafficking to protect the political role and honour of Lao PDR; implement the Party's policies and Government's laws and regulations to achieve concrete results.
- Increase public advocacy and dissemination of legislation, regulations, laws and the Party-Government's policies, especially to people in rural areas, with various approaches to increase participation in the development process, and ensure strict adherence to laws and regulations to deter social problems, such as corruption, burglary, human trafficking, prostitution and drug use in urban and rural areas.

#### Targets

- Increase the awareness of all people in society, especially women and children, at risk from the negative impacts and effects of human trafficking.
- Legally punish perpetrators and protect victims of human trafficking.
- Improve cooperation to reduce and eradicate human trafficking across the country.
- Effectively enforce Government policies, laws and regulations.

### Priority Activities and Projects

- Formulate national programmes for the periods 2016–2020, 2016–2025 and Vision 2030 to prevent and combat human trafficking.
- Implement national programmes to prevent and combat human trafficking.
- Extend and improve mechanisms to prevent and combat human trafficking at both central and local levels.

- Cooperate with international organizations and NGOs bilaterally and multilaterally to prevent, suppress and counter human trafficking.
- Develop and publish laws and regulations on the prevention and eradication of human trafficking.
- Raise awareness of the detrimental effects of human trafficking, in particular from a gender perspective.
- Strengthen the organizations at central and local level responsible for preventing and combating human trafficking.
- Inspect the actual situation on human trafficking and the social reaction toward victims who have returned home.
- Create and update the national database on human trafficking.
- Establish an anti-human trafficking hotline.
- Raise awareness of child sex tourism.
- Strengthen capacity for expert legal officials to identify victims and prosecute perpetrators of human trafficking.
- Improve coordination between sectors, concerned agencies and other parties in the justice process involved in helping and protecting victims of human trafficking.
- Improve coordination and information sharing between bilateral and multilateral agencies on law enforcement, prosecution and victim protection regarding human trafficking.
- Provide assistance to create safe houses and provide necessary items for living.
- Provide medical, legal, financial, educational, vocational training and job search expertise to victims of human trafficking.
- Provide economic assistance to help victims of human trafficking return to their families and society.
- Monitor and evaluate the implementation of national programmes periodically, review and prepare national programmes for the next period.

### **Policies and Legal Instruments**

- National programmes on prevention of and anti-human trafficking.
- Decree on the organization and functioning of the National Steering Committee against Human Trafficking No.156/PM (8 September 2008).
- Order of the Prime Minister regarding increase in the prevention and solution for social drawbacks No. 27/PM (5 October 2011).
- Criminal Law revised in 2005, Article 134.
- Law on Development and Protection of Women, 2004.
- Law on Protection of the Rights and Interests of Children, 2006.

## 6.6 OUTCOME 3 OUTPUTS

### 6.6.1 Outcome 3, Output 1: Environmental Protection and Sustainable Natural Resources Management

#### Direction

To ensure continued quality, green and sustainable economic growth, development and natural resource management (of land, forests, biodiversity, mineral resources, water and wetlands) shall be planned in a practical, sustainable, fair and most effective manner. This is key to achieving sustainable urban and rural development with sustainable natural resources, and a green, clean, beautiful environment that will contribute to the people's well-being and health, and safeguard the natural environment from pollution. Public awareness and understanding of the economic and social benefits, especially from being involved in the effective management of natural resources and environmental protection, also needs to be increased.

#### Targets

##### Land Management and Administration

- Strive to complete the development of the national master plan on land use and complete the comprehensive land allocation in 18 provinces, 92 districts and 3,455 villages across the country.
- Issue 400,000 land titles in the rural and urban areas during the next five years.
- Conduct a survey on land titles and record the data with a computerized system of at least 500,000 land titles.
- Complete land mapping to assess land prices in 100 districts nationwide.
- Modernize land management using IT systems to collect a full set of data (land certificate, land lease and concession, land registration, record of land registration and estimated land value) to ensure that people have legal rights to use land, resolve land disputes and increase revenue from land.

##### Water Resources Management

- Manage water resources based on integrated water resources management (IWRM) principles in 10 priority river basins for development (Nam Ou, Nam Nguem, Sebangfai, Se Bang Hieng, Nam Ngiep, Nam Theun-Nam Kading, Sedon, Nam Sam, Nam Ma and Sekong), and other small basins where appropriate.
- Develop the national parks to demonstrate IWRM in Nam Por, Viengvieng district, Vientiane province, as a venue for education, training, study tours, knowledge exchange and broad-based awareness raising.
- Formulate and implement the wetlands management plan to strictly and effectively adopt the Ramsar Convention on Wetlands.
- Improve and identify 200 water-quality monitoring points and define level of risks based on water quality in two basins (case studies).

### **Forest Resources and Biodiversity Management**

- Develop forest management, protection and restoration plans for seven protected areas (Nam Ha, Laving-Lavern, Nam Att-Phu Leuy, Nakai-Namtheun, Hin Nam No, Dong Am Pam and Dong Hua Sao).
- Complete the reforestation to achieve forest cover over 70 percent of the total country area, by restoring natural forests on 1.5 million ha and planting trees on 35,000 ha of protected and conservation forests.
- Complete the biodiversity list of Lao PDR and national list of rare species in the national protected and conservation areas.
- Complete the pilot on establishment of two model national natural parks (Nam Att-Phou Leuy and Nakai-Nam Theun) and propose to UNESCO that it includes Hin Nam No in the World Natural Heritage.
- Reduce illegal trade of wood products and wildlife trafficking by 5 percent.

### **Mineral Resources Management**

- Conduct land surveys and allocation; establish mechanisms and databases on mineral resources to determine the domestic and export potential of raw materials; estimate extent of mineral deposits to determine the direction on the use of minerals in the most effective manner by planning and designating conservation areas aiming at protecting minerals in 27,950.82 km<sup>2</sup> in 12 conservation areas throughout the country.
- Conduct surveys and create a mineral map on the scale of 1:200,000 for the Northern Region, including northern Vientiane to the south-east of Luang Prabang, southern Luang Prabang and eastern Sayabouly.
- Complete surveys and mineral mapping on the scale of 1:200,000 in at least 50 percent of the pending areas (75,045 km<sup>2</sup>).
- Complete the improvement of the laboratory and geological museum.

### **Environment (Promote Quality Environment and Pollution Control and Management)**

- Develop a comprehensive environmental management plan at provincial and district levels. Strive to achieve at least 50 percent of the provinces having implemented an integrated spatial plan (ISP).
- Complete the concept note, mechanisms and manual on sustainable urban development; implement pilot projects in at least 10 cities along the National Road No. 13 and along the Mekong River.
- Create mechanisms to support the implementation of the National Green Growth Strategy and link it with regional and international strategies.
- Encourage the development and utilization of an environmental studies curriculum at all levels of education.

- Promote green and sustainable rural development by establishing a system for management and reduction of waste, chemicals and toxic and hazardous substances, as well as integrated waste water treatment in the municipal districts of the provinces and Vientiane Capital.
- Collect basic data on air and water pollution in the industry and service sectors and information on the slash-and-burn practice, which is a main source of air pollution.
- Monitor and control pollution in the 10 priority basins.
- Apply a mechanism to control, eliminate and reduce wastes and toxic and hazardous substances while promoting the application of the 3-Rs principles in at least five municipal districts.
- Develop a full environmental database to support the monitoring and analysis of polluted waste, chemicals and toxic and hazardous substances, air pollution, noise pollution and wastewater across the country, and especially in the cities along National Road No.13.
- Construct and develop modern laboratory and related equipment to support the research and monitoring on environmental quality.

### **Priority Activities and Projects**

- Develop a plan for sustainable use of natural resources and manage the use of these resources including land, forests, minerals and water.
- Develop plans for urban and rural development to preserve the environment and identify areas for new towns including residences, public recreation areas, historical areas and cultural heritage areas.
- Comprehensively manage water resources, meteorology and hydrology.
- Increase the quantity and quality of environmental research, experiments and technical staff.
- Establish mechanisms for sustainable financing and funding to manage natural resources and protect the environment. These include: measures for natural resource taxes and fines against abusers; royalties from the energy, agriculture and mining sectors; private investment participation in developing rural areas; improving the quality of the environment; promoting eco- and cultural tourism; and improving rural livelihoods to ensure job security and reduce urban migration and congestion.
- Implement agreements and international treaties to which Lao PDR is party in an effective and timely manner according to international and regional cooperation frameworks.
- Participate in the negotiations on cooperation agreements on forestry law and management, and the law on trade between Lao PDR and the European Union.
- Develop and improve the land database (records, leases, concessions and registration) in 18 provinces across the country to create revenue from land.
- Complete the survey, allocation and identification of national forest areas and classify them according to three standard forest types.
- Strengthen the process of assessing the environmental and social impacts of natural resource exploitation projects.

- Improve information systems on environmental costs and incentives to businesses and individuals to pursue green economy policies.
- Develop a financial management manual to attract public and private investment in green growth activities.
- Establish mechanisms to manage and use forest resources efficiently and sustainably.
- Update the list of biodiversity and rare species in Lao PDR.
- Establish financial mechanisms and regulations, and a database for studying, managing and reducing GHG emissions arising from deforestation and forest degradation to ensure that revenue from the forestry sector is used to restore and manage forests.
- Assess primary forest areas and conservation forests that are highly valued in the country.

### **Policies and Legal Instruments**

- Policies on water resources protection and management, food security and energy security, and policies on the development of clean and safe cities, shall be harmonized and closely linked.
- A policy to increase forest coverage will be implemented.
- Apply a policy promoting linkage between land use and land protection to ensure people's rights by law on land use for their livelihood, housing and production; harmonize land allocation, land capitalization and use as a source of wealth for the people and the nation; ensure public centralized authority and ownership; combat and minimize any actions that abuse and misuse the law on bribery.
- Develop a National Land Policy, improved land law and master plan for managing, protecting, developing and using land and natural resources at local, regional and national levels.
- Apply policy on development of a finance mechanism that ensures all rural areas enjoy the benefits from economic growth, to reduce social exclusion and environmental impacts as a result of forest invasion and non-timber forest exploitation. Collection of natural resource fees shall be reviewed to ensure the benefits from this source of revenue contribute to basic infrastructure development and socio-cultural and environmental protection.
- Attract and mobilize more investment from both domestic and foreign investors to build a green economy in the direction of sustainability.
- Apply a policy on strengthening capacity for the natural resource and biodiversity sectors to create a balance between natural resources protection and exploitation, such as ecosystem services, and land, water and forest reconstruction.
- Implement the rule of law by controlling the illegal wildlife trade, and the illegal logging and timber trade, including legal action to assess environmental and social impacts, especially in the area of transport, energy and mining.
- Apply a policy to reduce environmental degradation and ensure long-term environmental benefits.

- Issue legislation and regulations to develop national natural parks and promote eco-tourism facilities in forests and biodiversity-rich areas.
- Inspect and monitor the implementation of relevant regulations and ensure their wide dissemination.
- Enhance the effectiveness of law and regulation enforcement on logging.
- Monitor and evaluate the performance of mega projects using domestic and foreign investments in the area of land concession in order to identify methods and measures to resolve the problems in a timely manner.

### **6.6.2 Outcome 3, Output 2: Prepare to Cope with the Disaster Risks and Impacts from Climate Change**

#### **Direction**

Ensure public involvement to minimize GHG emissions, increase and enhance the ability to adapt and prepare for climate change by integrating climate change and risks mitigation into strategic and operational plans of the sectors concerned.

#### **Targets**

- Complete a research framework on characteristics of hydrology, physical pollution and chemical substance in the river, surface water and groundwater as well as classification of river flows, reservoirs and water quality to balance and sustain water resources allocation while protecting the ecosystems.
- Establish and improve network stations by modernizing 18 weather forecasting stations and eight hydrology stations.
- Complete the development and improvement of the station networks and warning systems of the six priority river basins in the Central and Southern Regions (Attapeu, Sekong, Saravan, Champasak, Savannakhet and Khammouane).
- Establish and improve forecast stations for all international and domestic airports in the country.
- Establish a management and prevention plan against natural disasters (systems for early warning, response, assistance, emergency evacuation, and assets and recovery) that is efficient and effective across the country.
- Establish a system to prevent and manage the safety of people across the country against disasters in a timely manner.
- Improve two earthquake warning stations and establish five new stations in the Northern Region.
- Establish mechanisms and strengthen capacity for climate change adaptation; reduce the impact of disasters; provide comprehensive emergency response assistance to natural disasters; reduce GHG emissions resulting from changes in land use and forestry, the agriculture sector, energy sector, and industrial and environment sectors; and integrate work on climate change adaptation into priority sectors (health, agriculture, forestry, water and public health).

- Establish a national fund for prevention and a national fund for climate change research as key financial mechanisms in response to climate change impacts, conduct a study in areas vulnerable to disasters (areas sensitive to climate change) and promote research and innovation in the sector.
- Complete medium- and long-term National Adaptation Plans on Climate Change (NAPs) and provincial plans in three provinces and 15 districts.
- Mainstream adaptation to climate change in at least three sectors: water resources, agriculture and public health.
- Publish the Third National Communication on Climate Change (TNC) and develop the GHG Emission Reduction Plan for specific sectors (land use and forestry, agriculture, energy, industry and waste management).
- Establish guidelines to incorporate relevant processes on projects for reducing GHGs in light of NAMA, JCM and REDD+.
- Prepare Lao PDR to access funds on international climate change.
- Produce a disaster risk reduction plan for eight provinces, 45 cities and 160 villages, as well as one national and at least two local level readiness and response plans.
- Establish and develop a National Emergency Coordination and Command Centre and ICT system for statistical data on disasters and climate change.
- Produce a provincial, district and village disaster risk reduction plan and readiness and response plans at least for the eight priority provinces.

### Priority Activities and Projects

- Enhance capacity to adapt and alleviate the impact of climate change by conducting a study in areas vulnerable to climate change and high risk areas.
- Enhance and develop REDD+ projects to reduce GHG emissions.
- Establish a committee to prevent and control disasters and climate change at both the central and local levels.
- Establish a system to systematically and comprehensively manage, monitor and evaluate the impact of water, air and noise pollution.
- Establish mechanisms for managing, grouping and reducing the amount of waste by promoting four approaches (reduce, re-use, recycle and rehabilitation).
- Establish mechanisms for managing toxic chemicals and hazardous waste and wastewater treatment systems in cities and provincial municipalities and Vientiane Capital.
- Establish a comprehensive warning system (with testing equipment, tools, vehicles and personnel with knowledge and skills to respond to an emergency in a timely manner).
- Establish sustainable financial mechanisms to manage natural resources and protect the environment as tools for determining sustainable sources of funding and capital.

- Establish management mechanisms and information sharing network systems to ensure regional and international integration in accordance with national commitments by implementing international agreements and conventions effectively within the given timeframe.
- Strengthen disaster management.
- Establish guidelines for incorporating climate change, risk mitigation and GHG reduction in the strategy and action plan of the priority sectors to develop capacity on these issues.
- Create a map of vulnerable areas and develop medium- and long-term NAPs and provincial and sectoral plans.
- Develop the Third National Communication on Climate Change (TNC) and develop plans to reduce GHG emissions in relevant sectors (land use and forestry, agriculture, energy, industry and waste management).
- Create favourable conditions for Lao PDR to access the international fund on climate change.
- Improve the Committee for Prevention and Disaster Management at each level, and develop risk reduction and readiness and response plans to disasters at national and local levels.
- Establish the national emergency coordination and command centre, as well as providing ICT equipment for reporting and communicating data and solving disaster-related problems on a timely basis.

### **Policies and Legal Instruments**

- Introduce a policy to establish sustainable finance mechanisms to ensure the benefits of growth are extended to all rural areas to reduce social exclusion and environmental impact.
- Implement a policy on GHG emissions reduction that ensures effective planning for climate change adaptation and disaster risk mitigation.
- Improve and develop legislation and related regulations on the use and management of natural resources to increase understanding in communities in high risk areas.
- Develop strategies and a national programme for risk mitigation (2015–2020) and develop a long-term NAP.
- Implement a policy on research and prevention of natural disasters (early warning systems, response action and emergency assistance and recovery systems) in an efficient and effective manner across the country.
- Implement policy in response to disaster, such as protecting wetlands and forests in slope areas, to reduce risk to communities and damage caused by unpredictable disasters.
- Develop a law on disasters and climate change, a decree on funds to prevent and manage the disasters, national guidelines to incorporate work on disaster risk mitigation and a NAP into the national socio-economic development plan, strategy, programmes and sectoral plans, especially in the agriculture, forestry, water resources and public health sectors.

- Establish guidelines for projects to reduce GHGs in light of NAMA, JCM and REDD+ and mainstream it into the climate change adaptation work in the agriculture, forestry, water resources and public health sectors.

### **6.6.3 Outcome 3, Output 3: Reducing the Instability of Agricultural Production Caused by Disaster Impact**

#### **Direction**

To encourage sustainable development and stable and continued economic growth, reducing agricultural production instability is essential for fostering economic growth and promoting stable jobs for farmers. Preparing for and anticipating environmental conditions and climate change are also major considerations for agriculture. Moreover, it is also important to ensure stable supplies, markets and prices for agricultural products, and diversify agricultural products or raw materials to increase value addition, in parallel with employment diversification for the farmers to reduce dependency on rice farming and cash crops cultivation for their livelihoods.

#### **Targets**

- Rates of water level and water quality.
- Average changes in temperature.
- Identify areas that are vulnerable to disasters.
- Establish and improve hydrology stations in the farming-focused areas across the country.
- Reduce the instability of agricultural production or reduce standard errors that impede an increase in agricultural production.
- Increase or decrease areas of the forest.

#### **Priority Activities and Projects**

- Update and incorporate disaster management, prevention and control plans into agriculture development programmes at each level and in each period of crisis.
- Update the action plan to reduce risk from disasters in the agricultural sector.
- Strengthen the ability to respond to disasters, including resolution and recovery, at all levels in a timely manner.
- Create guidelines for integrating work on climate change, disaster risk reduction and mitigation of GHG effects, and include them in the strategic and operational plans of the agriculture, forest, public works and transport sectors.
- Conduct research and data collection to map areas at potential risk from disasters, including floods, drought, disease outbreaks in animals and plants, and landslides.
- Provide education, research and development in the shift to using seed and crop plantations that are resilient to climate change.

- Establish and/or reinforce the national Strategic Grain Reserve.
- Develop plans to reduce GHGs and collect data on GHG emission rates (in the areas of land use, forestry, agriculture, energy, industry and waste management).

### **Policies and Legal Instruments**

- Develop response policy and strategy on disaster and natural disaster emergency at the provincial and the district levels.
- Develop policies to promote implementation of pilot projects on climate change in the agriculture and forestry sectors with local community participation.

## **6.7 PRIORITY CROSS-CUTTING OUTPUTS**

### **6.7.1 Enhance Effectiveness of the Public Governance and Administration**

#### **6.7.1.1 Improve the Structure of Government and Government Management and Administration**

##### **Direction**

Improve and simplify the structure of government and government management and administration at all levels logically and effectively. There is a need to identify the role and responsibilities of each type of organization based on clear standards and requirements in order to ensure appropriate staffing in each ministry and other central government agencies that will focus on macro-management; strengthen governance at local level and clearly divide the tasks between central and local levels, and among local administrative levels (provincial, district and village) following the 3-builds directive; improve the local government supporting structure at each administrative level to match the development demand and enable effective government policy application.

##### **Targets**

- Improve the structure of the central government to be more simple, strong and capable of macro-management more effectively.
- Improve the structure of the provincial government to be more simple, strong and capable of carrying out the provincial governance assignments more effectively through 3-builds directive implementation.
- Improve the structure of the local administration to be capable of translating the Government's policies and plans into actual implementation and provide services to the people in a more effective and timely manner.

##### **Priority Activities and Projects**

- Improve the government administration structure to be more consistent and appropriate to the organizational standards and mandates.

- Classify the organizations into various types by setting standards and conditions of each type such as ministries, ministry-equivalent organizations, mass organizations and technical service units.
- Improve the coordination mechanism between the provinces, districts and villages especially those in the remote areas.

### **Policies and Legal Instruments**

- Develop strategy for public administration structural improvement and development.
- Develop and improve regulations to standardize the structure of each level of administration.
- Issue regulations and guidelines on procedures and methods on staff appointment, management and promotion.

#### **6.7.1.2 Revise, Develop and Implement Legislation**

##### **Direction**

Improved policies and legislation to serve the society more systematically by improving and developing laws and regulations to be more precise, strict and effective. To achieve this, it is important to build capacity on formulating policies that are suitable to the national situation and enable regional and international integration.

##### **Targets**

- Strive to improve the quality of public administration to ensure effective functioning of the government organizations.
- Improve legislation and regulations on public administration principles, including politics, governance and public administration.

##### **Priority Activities and Projects**

- Develop regulations on the relationship between the Government and local authorities, and regulations and procedures on hand-over rights and responsibilities of the local authorities following the 3-builds directive.
- Improve the public service mechanism to be convenient, easily accessible, fast and effective.
- Create projects and regulations on e-government.

#### **6.7.1.3 Public Personnel and Population Management and Development**

##### **Direction**

Improve the staff administration and management system to be more comprehensive and stronger, especially to ensure that the staff recruitment meet the predefined terms of reference in order to raise the effectiveness of the public governance and social management; focus on developing and building government officials in all fields of work with knowledge and capacity comparable to

regional and international countries; develop and improve the training curriculum as necessary to upgrade the government officials on a regular and continuous basis; develop a system of universal civil registration of births, deaths and other vital events that allows people to access several basic activities such as health and education, recourse to justice, nationality, property ownership, formal employment, inheritance, and so on to ensure their access to these types of public services. In addition, it is crucial to produce accurate, complete and timely vital statistics (including cause of death) based on registration records and to disseminate them.

### Targets

- Improve the public administration structure to be more simple, logical, effective and stable.
- Complete the development of the Law on Civil Management by FY 2017–2018.
- Improve, develop and utilize a modern and universal database for a personnel information management system (PIMS) throughout the country to facilitate the work of registration and issuance of identity cards for public personnel by 2020.
- Build capacity of the district officials on civil management.

### Priority Activities and Projects

- Assess the possibility of creating the Civil Service Commission as an organization that performs effective personnel management.
- Improve the concerned agencies that are responsible for developing and training the public personnel through the development of training curriculums and implementation of personnel development and training plans in each sector in different areas such as public services and administration, technical skills, language and information technology.
- Develop the Law on Public Personnel of the Lao PDR and complete the amendment of the Law on Provincial Administration.
- Create a systematic and modern database on civil management.

### Policies and Legal Instruments

- Develop a strategy on personnel planning, and guidelines on the steps of determining the positions.
- Develop a strategy to support the officials, especially females, ethnic groups and disadvantaged persons, who are working in the remote areas, by upgrading their technical capacity in different areas through development and training courses.
- Issue a decree on personnel management matters, such as personnel planning, management of administrative, technical and service officials, staff performance evaluation, development and training of civil servants and remuneration of civil servants, among other matters.
- Improve policies and laws on the role and responsibilities of the agencies that are authorized to perform civil registration.

#### 6.7.1.4 Justice

##### Direction

Strengthen legal institutions, including personnel, and ensure comprehensive development of a legal system that is more systematic, uniform, harmonious, transparent, reliable and accessible for all with transparency, quality and justice; enhance public governance and socio-economic management extensively in the effective management of the population, including of people who are disadvantaged and vulnerable to ensure that their rights are protected under the law.

##### Targets

- There are improved structures and institutions related to the justice system and better coordination between central and local government.
- Policies and legislation are in place as a reference for institutions established to ensure justice and social order.
- Civil servants in the area of justice have been developed and upgraded in various dimensions to ensure effective and efficient work performance as a contribution to the enhancement of transparency and accountability.

##### Priority Activities and Projects

- Improve structures and institutions related to the justice system; special attention is required to improve the court judicial system at both central and local levels.
- Develop policy in the area of justice pursuant to the rule of law master plan of the Lao PDR.
- Enhance the role of prosecutors in justicial activities to ensure better accountability.
- Strictly implement the laws and improve investigation units, to be more effective, fast and transparent.
- Enhance the role of the court council and notary office to ensure their better performance in line with the government direction.
- Improve legislation in the area of justice based on the Constitution and international treaties of which Lao PDR is a party, such as the creation and maintenance of the civil law system, criminal law and economic law, legislation on education, health, socio-culture, tourism and science and technology; improve the legal system to protect the citizens and fully exercise their rights, freedom and democracy; create a feedback mechanism toward any action or individuals that misuse the laws; increase public awareness, including of ethnic groups and regardless of gender and age, to increase respect and obedience with the laws and regulations, which will contribute in higher effectiveness of the laws.
- Develop the court system to ensure that judgments at each level are in line with the court's role and responsibilities, aiming at fast, comprehensive, sufficient and practical resolution of conflicts/ disputes.

- Develop and enhance the skills of concerned officials by raising awareness and ethics for better protection of the people's interests and create trust in the society.
- Organize, monitor and evaluate the implementation of laws in each period, such as anti-corruption law, budget law, investment law and others.

### **Policies and Legal Instruments**

- Develop and improve procedures and technical standards in making laws and legislation.
- Create mechanisms to review and assess the implementation of laws periodically to ensure their timely revision and improvement.
- Improve regulations on the recruitment of court staff and appointment of judges to ensure their independence and compliance with the laws.

## **6.7.2 Promote Local Innovation and Utilization of Science, Technology and Telecommunications and Management and Application of ICT**

### **6.7.2.1 Promote Local Innovation along with the Management and Utilization of Science**

#### **Direction**

Develop and improve science and technology as a potential sector for contributing to achieving the objective of the NSEDP:

- Develop science and technology as a key driving force for rapid and stable economic growth, strengthen science, technology and innovation for industrialization and modernization, and promote the innovative economy.
- Develop knowledgeable and competent human resources in the science and technology sector that contribute intellectually to national development.
- Apply science and technology as a tool for effective environmental protection and sustainable development; prepare and respond to natural disasters effectively.

#### **Targets**

- Increase investment in research and development from 1 to 2 percent of public investment by 2020.
- Promote private investment in research and development to cover at least 30 percent of public investment by 2020.
- Establish and begin construction of a science and technology zone by 2018.
- Improve and upgrade research institutes under the Ministry of Science and Technology so at least one institute is comparable with international standards by 2020.

- Establish science promotion and technology transfer centres that match the local development potential of four centres throughout the country by 2020.
- Establish a national science and technology data centre by 2020.
- Train 11 researchers per 10,000 of the population by 2020.
- Support the development of researchers at universities across the country by allocating a budget to promote research work on at least 50 projects by 2020.
- Create a science magazine, promote research work and publish findings in science magazines and international magazines, in at least 250 articles by 2020.
- Establish and begin construction of a training centre for officials on science and technology management by 2016.
- Allocate budget for research projects related to promoting sustainable development that covers 25 percent of the annual research budget.
- Establish a laboratory to develop technology for forecasting and early warning of climate change by 2020.

### **Priority Activities and Projects**

- Set up policies, plans and programmes to promote the development of science and technology, in particular, policies that promote: national innovations, research and development, and related regulations; the development of clean technologies; intellectual property; a national development strategy for science, technology and innovation; a biotechnology management strategy ; a plan of action to industrialize and modernize the field of science and technology; a plan of action on the management and application of chemical, biological, radioactive and nuclear elements,etc.
- Develop legislation on the management and promotion of science and technology development, such as laws on radiation and nuclear safety, and technology transfer, as well as decrees on advanced technology, the National Week of Science, the innovation fund, a national organization for radiation and nuclear safety, the National Science and Technology Academy, scientist protection, management of dangerous chemicals, and other matters.

## **6.7.2.2 Management and Application of ICT**

### **Direction**

- Promote the development of basic infrastructure for telecommunications and electronic information; provide high speed and quality services to support modernization of the service sector; facilitate e-trading; strengthen socio-economic development; and upgrade telecommunications as a central support for ICT integration to international standards.
- Develop quality, modern, accurate and up-to-date media outlets in Lao PDR to ensure information safety and security; promote media as a voice of the Party and Government; integrate into regional and international media; improve and develop up-to-date, strict and comprehensive media protection laws.

## Target

- Establish automatic post boxes in post offices in all districts and provinces by 2020.
- Construct an internet backup centre in the Northern and Central Regions by 2018.
- Establish two radio frequency management centres and promote the use of a Lao PDR satellite instead of a foreign one.
- Establish a national data centre as a place for consolidated electronic data of both the public and private sectors by 2018.
- Create an intranet and long-distance meeting system to link 50 percent of government offices, districts and villages.
- Strengthen e-governance at the central level to provide comprehensive services and extend e-governance service coverage in the provinces to 50 percent.
- Gradually develop e-management and services for 50 percent of the government offices.
- Complete installation of the management and services system on the national internet service code (.la) before 2016.
- Establish learning centres on the application of technology, communications and information in at least two centres at village group level and two centres at district level by 2020, by focusing the target areas under the 3-builds directive to be training centres for the Government and the general population on ICT.
- Increase the computer literacy rate to 30 percent and internet literacy rate to 40 percent of the population, the proportion of households with computer literacy to 20 percent of all households, the proportion of registered landline and wireless home phone users to 15 percent, the proportion of registered mobile phone users to 100 percent, and the proportion of registered landline and wireless internet users to 20 percent of the total population, by 2020.
- Expand the fibre optic transmission network, both aerial and underground, by 10,000 km to reach the Vientiane Capital and municipal districts of each province across the country as part of the infrastructure system to support e-governance.
- Extend quality, efficient and low cost 3G and 4G transceiver stations to cover all areas nationwide.
- Promote the post and telecommunications sector to contribute its revenue to the GDP growth, to reach the target of GDP growth at 8 percent by 2020.

## Priority Activities and Projects

- Review, develop and improve laws, decrees, agreements and regulations related to management of ICT application and services so they are consistent with international agreements and have adequate capacity to facilitate AEC participation.
- Establish the National Information and Backup Centre with adequate capacity to efficiently meet domestic demand.
- Establish the ICT development fund and regulate expenditure as indicated in the law on telecommunications.

- Construct two national Internet backup centres in the Northern and Central regions.
- Ensure 100 percent internet coverage across the country.
- Expand telephone centres to ensure 100 percent local connection.
- Prepare for ASEAN integration in the area of telecommunications to support the installation of connections devices within and outside the country.
- Establish a cyber-crime monitoring system to ensure that the internet system in Lao PDR is secure, and enable links with international warning systems.
- Construct a centre to monitor frequencies in the provinces where necessary.
- Manage radio frequencies and maintain operational communications equipment that can be monitored to reduce impacts on society.
- Continue implementing the e-government project and satellite project to ensure they are completed as planned.
- Develop and expand media infrastructure and manage media products, and improve IT as a central service.

### **Policies and Legal Instruments**

- Apply a policy that promotes and attracts both domestic and foreign private investment in the telecommunications sector.
- Develop and improve telecommunications and internet-related legislation to fit regional and international integration conditions.
- Set up the national policy on broadband services to determine an expansion plan and the ability to ensure access to broadband services by people across the country.
- Create policies to promote the development and application of open source software.

## **6.7.3 Promote and Develop Women, Juveniles and Young People**

### **6.7.3.1 Women's Development**

#### **Direction**

Encourage women to access education to improve their professional/vocational/labour skills and ensure access to public health services, and increase their political awareness to enable them to contribute to socio-economic development and conservation and inheritance of the national culture; strengthen the Lao Women's Union (LWU) at each level to be representative and protect women's and children's rights and interests; ensure equal rights and development between men and women in the areas of politics, economics, sociocultural affairs and the family; reduce discrimination and violence against women and children while promoting gender equality.

## Targets

- Increase the proportion of LWU members who are educated in political theory, constitutions, laws, treaties, international agreements relating to the development and protection of women, gender equality, and national traditions and culture, to 80 percent.
- Increase LWU membership to 70 percent of women of 15 years of age and older.
- Expand a LWU committee network to cover 20 percent of all business units in the private sector.
- Encourage the LWU to conduct a campaign on “three goods” linking with the 3-builds directive implementation.
- Promote women to take up 20 percent of leading management-level positions:
  - at village level, 10 percent
  - at district level, 20 percent
  - at provincial and capital level, 20 percent
- Encourage women to take up to 30 percent of the management-level positions at central level, especially in the organizations where women officials account for more than half of all officials.
- Increase the proportion of female members of the 8<sup>th</sup> National Assembly to 30 percent.
- Increase the proportion of female students graduating from secondary school to 85 percent.
- Achieve gender equality in services such as education, health and social welfare.
- Increase the proportion of poor women with vocational education, skills and stable employment to generate income.
- Develop the LWU Fund for women’s development and family support.
- Create opportunities for women and children to access the legal system more widely.

## Priority Activities and Projects

- Raise awareness on directions, the Constitution, laws and international treaties associated with women’s and children’s development and protection of their rights and interests.
- Mainstream gender issues in the work of all sectors.
- Strengthen capacity for each level of the LWU.
- Improve vocational training centres to develop and strengthen women’s skills at the vocational level.
- Provide counselling services for women and children who encounter problems.
- Improve and expand the LWU Fund for women’s development and family support.
- Expand cooperation with women’s organizations in other countries, the ASEAN Committee on Women and other related organizations.
- Monitor and evaluate the implementation of the Lao Women’s Development Strategy and Plan.

- Raise awareness and carry out activities to promote non-violence against women.
- Report progress on implementing the Beijing Declaration and CEDAW.

### **Policies and Legal Instruments**

- Deepen understanding of policy directions and the order of the Party and Government on women's and children's development and protection, promote advancement of women and gender equality.
- Law on Lao Women's Union.
- Law on Women's Development and Protection.
- Law on Non-Violence Against Women and Children.
- Vision 2030 on Women Development, 10-year Women's Development Strategy (2016–2025).
- Five-year Lao PDR Women's Development Plan (2016–2020).
- National Plan of Action on Protection and Elimination of Violence Against Women and Children of the Lao PDR (2014–2020).
- Vision 2030 and 10-Year National Strategy on Gender Equality (2016–2025).
- 3rd Five-Year National Plan of Action on Gender Equality (2016–2020).

### **6.7.3.2 Gender Equality and Advancement of Women**

#### **Direction**

Ensure gender equality and empower women in politics, economics, sociocultural affairs and family decision-making; reduce considerably discrimination and violence against women.

#### **Targets**

- Ensure the proportion of women's leadership and decision-making level positions in the Party, Government and mass organizations is 20 percent or above.
- Increase the number of female members of the 8<sup>th</sup> National Assembly by 30 percent.
- Increase the proportion of female officials who have received training on political studies, laws, public administration and management to 30 percent of all trained officials.
- Implement 50 percent of recommendations of the Committee on the Elimination of Discrimination against Women (CEDAW).
- Implement 70 percent of the national action plan for prevention and elimination of violence against women and children by 2020.
- Reduce the fertility rate of young women between 15 and 19 years old to 90 percent.

- Increase the proportion of females entitled to land use rights, especially in the cultivation and animal husbandry sector, to 50 percent, and in the service sector to 50 percent, based on the potential in each area.
- Increase the proportion of National Commission for the Advancement of Women (NCAW) organizations at all levels with improved functional structure to 95 percent, and the proportion of supporting organizations with improved functional structure to more than 80 percent.
- Ensure gender equality in economic opportunities, including access to resources such as land, funds, technologies and basic infrastructure (electricity, roads, markets).
- Reduce discrimination and violence against women and children.

### Priority Activities and Projects

- Implement a project on gender equality and transferring economic ownership of women, with the aim to eliminate all forms of discrimination against women, especially violence against women.
- Provide training of trainers to district- and village-level NCAW organizations according to the 3-builds directive; promote gender equality and eliminate all forms of discrimination against women.
- Campaign to raise awareness of and encourage society to join activities on the prevention and elimination of violence against women.
- Strengthen the capacity of officials who implement the system to prevent and address issues on violence against women by focusing on the 3-builds districts and villages.
- Establish a project to create developed families, villages and districts associated with gender equality, and promote non-violence in families, especially against women and children.
- Monitor, inspect, support and assess implementation of the 8<sup>th</sup> Five-Year National Gender Equality Plan (2016–2020).
- Create a project on reporting on the implementation progress on CEDAW and a project on reviewing implementation progress on Beijing+20 and the Beijing Declaration.

### Policies and Legal Instruments

- Deepen understanding of policy directions and the orders of the Party and Government.
- Strengthen the organization and human resources of NCAW at all levels to improve the coordination mechanism (in particular in the Secretariat responsible for implementing work plans, and coordination, monitoring, assessment and summarizing reports systematically and continuously).
- Increase advocacy and raising awareness across society on the importance and the need to promote gender equality and women's empowerment, to create a mindset towards gender equality and implement related activities to ensure contributions from both females and males in socio-economic development with full capacity.

- Focus on grass-roots-level participation in monitoring and promoting related activities, reporting on the actual situation and local needs.
- Continue to mobilize ODA and funds from friendly countries and development partners, including financial institutions, international organizations and civil society organizations within the country and overseas.
- Law on women's development, protection of women's rights and interests, women's advancement and gender equality.
- Law of Lao Women's Union.
- Law of Prevention and Non-violation against Women and Children.
- Vision 2030 and 10-year Strategy on Gender Equality (2016–2025).
- 3<sup>rd</sup> Five-year National Plan on Gender Equality (2016–2020).

### 6.7.3.3 Mother and child

#### Direction

Reduce discrimination and violence against children by protecting and assisting children to ensure their survival, development and participation, and promote and provide opportunities for girls to further participate in the development process.

#### Targets

- Ensure the rights of children to access public services, such as education, public health and social welfare, in 40 percent of service providers.
- Ensure comprehensive child development to build a new generation that can provide strong support to the nation.
- Reduce discrimination and violence against children dramatically.
- Protect and help children to ensure their survival, development and social participation.

#### Priority Activities and Projects

- Train trainers to strengthen the National Commission for Mothers and Children (NCCM) at province, district and village levels in order to pursue the 3-builds directive on child protection to ensure children's survival, development and social participation.
- Conduct a public campaign and related activities to raise awareness of violence against women and children.
- Build capacity to apply a disciplinary system to prevent and solve problems of violence against women and children in the 3-builds targeted villages and districts.
- Monitor and evaluate implementation of the National Women and Children Strategy (2016–2020), and national progress on prevention and elimination of violence against women and children in Lao PDR (2014–2020).

- Develop a report on the national action toward the Convention on the Rights of Children and other relevant treaties.
- Develop local children through a cultural and customs exchange programme.
- Create a project on development of the database on child-related information to support the monitoring and reporting of children's situation in each period.
- Create an anti-drugs-in-youth project to adequately develop children outside school hours.
- Create a joint project within ASEAN and south-south cooperation on children's rights protection.
- Create a project to support the implementation of laws and international and regional recommendations related to children.
- Conduct multi-dimensional research related to children in each period.

### **Policies and Legal Instruments**

- Strengthen organizational and personnel management in the NCMC at all levels to improve coordination, and especially in the Secretariat offices, to improve planning, coordination, monitoring and evaluation and reporting processes so they become more systematic and regular.
- Create and amend legislation and policies related to children to be more comprehensive and ensure a safe environment for children.
- Continue collaborating with all stakeholders domestically and internationally to protect children's rights.

### **6.7.3.4 Juvenile and Youth Development**

#### **Direction**

Develop Lao ethnic young people and juveniles to be the nation's future and the Party's and nation's ideology, by educating young people and juveniles to have strong political quality, protect and enhance historical culture of the nation and ethnicities, have solidarity spirit, and exercise their rights and fulfil their obligations of protecting the nation, public security, socio-economic development and the environment; upgrade their education level, technical and labour skills, and skills in science and new and modern technology and foreign languages; develop their know-how to take care of their physical and mental health, raising their awareness for the right attitudes, to deter all social problems and limit youth behaviours that are against regulations, and protect the rights and benefits of youth; and increase investment in young people and adolescents qualitatively and quantitatively to maximize their benefits.

#### **Targets**

- Educate 100 percent of Lao youth in the armed forces and government officials on political thinking.

- Increase members of the Lao People’s Revolutionary Youth Union and Juvenile Association to 80 percent of all young students.
- Increase members of the Lao People’s Revolutionary Youth Union and Juvenile Association to 60 percent of all young people.
- Improve and expand the organization of juvenile members of the Lao People’s Revolutionary Youth Union, and establish and strengthen the unions and associations to be able to lead, educate and consolidate young people, juveniles and young Lao ethnic people to be a strong force alongside the Party, to comprise:
  - 50 percent of membership at central and district levels
  - 30 percent of membership at grass-roots level.
- Expand the 2nd December youth and juvenile members to 85 percent of the total number of (public) organizations.
- Expand the 2nd December youth and juvenile members to 80 percent of the existing number of the LPRYU and Juvenile members by 2020.
- Transform 30 percent of the Lao People’s Revolutionary Youth Union members who are government officials to become qualified officials.
- Disseminate laws and regulations to 50 percent of Lao People’s Revolutionary Youth Union juvenile and youth members, relating to their clean livelihood and good reproductive health, aiming at preventing and suppressing the epidemic of HIV, malaria, other contagious diseases and drug use.
- Advocate and encourage at least 50 percent of the Lao People’s Revolutionary Youth Union youth and juvenile members to attend upper secondary school and equivalent education, and 50 percent of Lao People’s Revolutionary Youth Union members to have technical training by 2020.
- Each year, Lao People’s Revolutionary Youth Union members of the appropriate age must participate in army and public security trainings and obligatory army service, and those who do not serve in the army must be educated on the laws on obligatory army service; 50 percent of all youth and juveniles will do obligatory army service.

### **Priority Activities and Projects**

- Expand the membership of the Lao People’s Revolutionary Youth Union Juvenile Organization; encourage other young people to become members of the Lao People’s Revolutionary Youth Union and associations.
- Develop social services and ensure accessibility of all disadvantaged groups of juveniles and young people to those services.
- Promote the development of a project on life skills for juveniles and young people and the capacity of communities and families in self-development and development out of poverty in a sustainable manner.
- Establish volunteer units at ministry, provincial, district, institution, college and village levels.

- Promote technical education to young people and juveniles in urban and rural areas, and especially those disadvantaged by living in rural remote areas or by their gender or ethnicity, and people with disabilities.
- Support job creation for young people and juveniles in urban and rural areas.
- Focus on addressing poverty among young people.
- Pay attention to health care for young people. For example, establish information centres and health centres to disseminate information on contagious diseases such as HIV/AIDS, basic healthcare services, being cautious about having sex before an appropriate age and reproductive healthcare.
- Advocate nutrition principles to young people and juveniles.
- Educate young people and juveniles on the protection of the environment by using modern technology.
- Educate, advocate and communicate information to young people and juveniles to deter social problems.
- Pay attention to deterring and addressing socio-economic impacts on young people from regional and international socio-economic integration.
- Increase social services to reach out to all young people and adolescents, especially those who are disadvantaged.
- Promote the projects that develop the skills and capacity of young people and adolescents, including the people in the community and family units, to be self-sufficient and to reduce poverty.

### **Policies and Legal Instruments**

- Determine policies on promoting talented Lao young people and juveniles to participate in the process of developing the country, job creation and income generation for young people and their families.
- Develop and/or strengthen legislation and policies to protect the rights and interests of young people and juveniles by ensuring their participation in the development process as well as the implementation and monitoring of relevant legislation and policies.
- Further lead the implementation of the strategy on developing young people and juveniles in association with the socio-economic development plan, the strategy on developing each region and young peoples' and juveniles' requirements.
- In the Lao People's Revolutionary Youth Union at each level, each young person and juvenile must promote independence, ownership, self-reliance and self-strengthening, actively contribute to development at the grass-roots level; the implementation should be associated with supporting competitive slogans set by the Lao People's Revolutionary Youth Union to make it widespread at grass-roots level with focus and a pilot area and must have clear success with effectiveness.

- Pay attention to improving and strengthening the organization of Lao People’s Revolutionary Youth Union and Posterity Association at each level, adhere to the 6 principles of change of the Party, leading to the Lao People’s Revolutionary Youth Union being strong in quantity and quality, being a central leader for young people and juveniles.
- Construct and improve basic technical infrastructure and develop a basic information system on youth nationwide.
- The Central Lao People’s Revolutionary Youth Union is responsible for technical leadership in the development of young people and juveniles and leading in coordination and collaboration with relevant sectors, enhancing the role of cooperation with the Lao Front for National Construction, mass organizations, social organizations, local authorities, families and mass media to participate in the dissemination and implementation of the strategic plan for development of young people and juveniles.
- Create and amend the legislation and policies related to the protection of youth and children’s rights and interests, by involving them in the development as well as the implementation and monitoring of the relevant legislation and policies.



# **PART III**

## **8<sup>th</sup> NSEDP IMPLEMENTATING MEASURES**

## PART III: 8<sup>th</sup> NSEDP IMPLEMENTATING MEASURES

### 7. POLICIES

- Promote economic development, focusing on quality rather than quantity by increasing productivity, investment and efficient use of resources while promoting the use of innovation and modern science and technology that are environmental and social friendly.
- Create supporting factors for achieving the development plan, including capital, technology and science, information, human resources, enterprises and the labourforce.
- Pay attention to macro-balance, including balance on investment, growth and macroeconomic stability, economic development and environmental protection, investment and labour supply and demand, expenditure and savings, and so on.
- Improve the production foundation to become a strong support for promoting and strengthening the SMEs, and especially improve production quality and diversification of food and commercial commodities to sufficiently supply the domestic demand and exports.
- Continue implementing the 3-builds directive more qualitatively, implement investment promotion policies, stimulate production, manage the macroeconomic situation more effectively, develop human resources qualitatively, develop local areas, create policies on environmental protection, trade and other matters; create policies to reach out to all people in the society, involve all economic sectors in widely implementing the NSEDP, promote SMEs and strengthen public business and collective economy as a model for other economic sectors.
- Implement a policy on increasing regional and international cooperation and integration.
- Improve service quality, including transit service, in both a quantitative and qualitative manner, focusing on the mega projects on manufacturing and infrastructure development, such as electricity, railways, highways, airports, logistics, transit cargo and so on, in order to stimulate economic growth and be a foundation for industrialization and modernization.

### 8. IMPLEMENTING MEASURES OF THE 8<sup>th</sup> NSEDP (2016–2020)

#### 8.1 Macroeconomic Framework

- Achieve continuous, inclusive and sustainable economic growth (averaging 7.5 percent per annum) as indicated in the overall objective of the 8<sup>th</sup> NSEDP; create supporting factors for SMEs to grow strongly and sustainably; promote the non-resource sector, such as agriculture and tourism, to grow productively by encouraging more investment and promote highly effective public and private investment.

- Build enterprises to be ready and capable to technically compete in the domestic and international environment by providing appropriate and comprehensive financial and legal services, and create legislation to resolve pending issues and challenges.
- Create a macroeconomic framework and financial reporting system to be accurate and fast, regularly monitor the macroeconomic situation and settle public debts through the macroeconomic sector working group, set up policies and measures to address matters in a timely manner, especially impacts on local macroeconomics from economic crisis at the regional and international levels.
- Continue to research and implement policies that support the development of economic sectors to be strong and consistent and to reinforce each other:
  - Continue to improve, expand, and upgrade the efficiency and effectiveness of state-owned enterprises to be strong and become the basis for other economic sectors. Enterprises that are ineffective shall be disestablished or shifted into other approach of doing business. Meanwhile, it is required to improve the laws and regulations including implementing mechanisms that suit actual conditions.
  - Continue to improve and promote the private sector, including people participation to be active in contributing to the development process; particularly promote active businesses with strong ownership and effort to develop their businesses to grow to be strong and competitive.
  - Pay attention to improving and establishing economic relations among the provinces to make them more strongly related to and harmonized with each other while reinforcing each other. Meanwhile, there is a need to strengthen the domestic markets for smooth and highly effective product circulation.
  - Each province shall focus on research and identify the key potential of their own resources to use them in improving the basic economic foundation to be strong, with good quality and sustainable growth.
  - Accelerate the mega project implementation on energy, rail way, highway, airport, logistics, cargo loading, etc. in order to facilitate the industrialization and modernization.

## 8.2 Financing Plan

With all stakeholders' participation in mobilizing sources of investment:

- Expand the sources of revenue (tax and customs, exports); develop legislation on public asset capitalization to maximize the national benefits; involve the private sector in the infrastructural development projects using the public-private partnership (PPP) approach.
- Continue to mobilize ODA (grants and loans) using the Round Table Meeting channel.
- On social development and poverty reduction, mobilize international organizations that offer friendly treatment of low interest and long-term credit to use the fund for supporting the priority public investment programmes.

- Encourage investment from private domestic and foreign sectors to contribute more actively, focusing particularly on quality investments; create a favourable legal framework and investment climate, improve the investment calling list to be more comprehensive and up to date to attract more investment in different areas; encourage private domestic investment in production and services, especially commercial production for domestic consumption and exports; monitor and inspect project implementation to ensure systematic legal compliance and agreements with the Government in a regular and highly effective manner; strengthen coordination and harmonize all stakeholders' implementation.
- Encourage commercial banks to improve policies on deposit interest rates and loans to promote commercial production, and improve services to limit non-performing loans in the banking system; apply a mechanism to mobilize funds from the stock market to increase commercial production and improve service sectors with high effectiveness.
- Accurately identify the investment proportion of the state budget and reflect the actual development and ensure that highest effective use of the budget.
- During the period 2016–2020, capital requirements for the development is 223 trillion kip, of which:
- Investment from the government budget accounts for 21–27 percent and investment from the state budget accounts for 9–11 percent of the total investment.
  - Investment from grants and loans accounts for 12–16 percent of the total investment.
  - Private domestic and foreign investment accounts for 54–57 percent of the total investment.
  - Investment from the financial system accounts for 19–21 percent of the total investment.

### 8.3 Revenue and Expenditure Management

- Continue to improve revenue collection mechanisms to be more comprehensive and accurate; collect information and comprehensively register the business units as required; and address budget leakage, in particular that caused by exemption or reduction or deduction in the revenue account that was not legal and compliant with regulations. Any legislation that is not consistent and comprehensive shall be exposed, revised and updated in a timely manner.
- Improve the tax and treasury system tailored to the actual situation by centralized steering and a clearly decentralized administration role for harmonized implementation; improve the revenue-expenditure management mechanism and tools in each sector and province to be more strict and efficient.
- Ensure that expenditure management is in line with the financial plan that is approved by the National Assembly, use the budget to maximum efficiency. Recurrent costs shall be planned in detail and inspected systematically.

## 8.4 PRODUCTION

- Strengthen the production foundation by promoting potential production given national and local comparative advantage to sufficiently supply the domestic demand.
- Promote and diversify commercial production and services to reduce natural resource dependency:
  - Encourage investment in commercial production in the non-resource sector, such as agro-processing, food processing industries, house supplies, hand-woven textiles and so on, to be a foundation for strong economic growth. In parallel, it is important to promote businesses related to mining, forest resource (wood) utilization, export of processed minerals to create value addition in the ecosystem, and to improve resource exploitation areas and restore them to functioning while avoiding social and environmental impacts.
  - Develop services of clean, beautiful and eco-tourism in parallel with the improvement of services in accommodation, restaurants, tourist sites and tour services with upgraded quality; promote diversified production of handicraft and art works to supply the tourist demand and create income for the people and the nation.

## 8.5 TRANSIT SERVICES AND LOGISTICS

- Develop the service sector and production that creates high national income and employment to be a transit hub in the sub-region while providing diversified products and services for domestic and international markets.
- Logistics:
  - Develop the logistics system with quality and accessible and fast services to become a hub of transit services in the sub-region; improve and construct standard roads to support goods transportation and connectivity with the neighbouring countries.
  - Create facilities along the logistics roads, such as rest areas, warehouses, transport stations and logistics parks in four locations: Nateuy, Savannakhet, Vientiane Capital and Champasack.
  - Improve import-export services along the logistics routes to meet the international standards that provide accessible and fast services.

## 8.6 SCIENCE AND TECHNOLOGY APPLICATION

- Adopt and apply international technology that is suitable within the Lao context, to increase national productivity and competitiveness.
- Align with the international organizations to conduct research and development on science application in a broad-based manner, especially in the priority development areas.
- Encourage private investment in the development of technologies and innovation that are appropriate to the actual situation, to support sustainable development.
- Develop and expand basic infrastructure in the media industries and IT to become a hub for providing social media services and products.
- Attract private domestic and foreign investment in the telecommunications sector development.

## 8.7 PROMOTION OF SMALL AND MEDIUM-SIZED ENTERPRISES

- Create production chains between the large enterprises and SMEs to improve productivity qualitatively and quantitatively while generating employment, creating relationships within and between sectors at the local level, such as enterprises that are delivering comprehensive tourism, agro-processing and so on.
- Improve taxation for SMEs, develop detailed guidelines on lump-sum tax payment and a simple accounting system to create a favourable environment for SMEs to own a bank account and pay tax through the banking system for accurate and adequate tax revenue collection.
- Improve and utilize the SME promotion fund most effectively.
- Provide information and counselling services to enterprises on how to access funding, markets, information on product standards and trade services, innovation and appropriate technology to raise their productivity.

## 8.8 CAPACITY BUILDING

- Build capacity for development:
  - Develop labour skills that suit market demands in each development period.
  - Create jobs for the younger labour force quantitatively and qualitatively based on population trends (the young population accounts for 60 percent of total population).
- Promote and encourage commercial production:
  - Encourage production and service units using results from science and technology to improve production and services, productivity and quality of products, to be able to compete domestically and internationally.
  - Meanwhile, promote close cooperation between suppliers of raw materials and producers of commercial commodities.
  - Develop promotional strategies for each product.
  - Improve the technology of post-harvesting by study and develop new technology for farmers.
  - Promote the establishment of business associations for local processing of agricultural products, for example, farmers' groups, processors' groups, exporters' groups, etc.
  - Promote access to SME loans with the establishment of a project of long-term support funds for the commercial banks that are interested in provision of SME loans and establish a provisional fund to reduce risk for the banks and motivate them to provide more services to SMEs.

## 9. ROLL-OUT OF 8<sup>th</sup> NSEDP

- The Government will issue an implementation decree, and MPI will issue the implementation guidelines with detailed technical work and play a coordination role with the sectors at the central and local levels in effectively and efficiently translating the national plan into a detailed plan at their levels.
- The Ministers and the Provincial Governors will ensure achievement of the overall objectives of the NSEDP with concrete outcomes. The Capital Governor shall raise responsibility clearly by following 3-builds-oriented management mechanisms from the central level to the grass-roots levels to facilitate the successful and effective implementation of the plan.
- Ministries and authorities at the central and local levels shall translate the 8<sup>th</sup> Five-Year Plan (2016–2020) into the actual action plans of sectors and provinces; the grass-roots levels also play a role in macro-management by translating the targets and priority tasks into details that are in line with their roles and ensuring alignment between programmes, budget and human resources plans.
- Advertise and disseminate Party Congress Resolution X, the 8<sup>th</sup>NSEDP (2016–2020), the policies of the Party and the Government, as well as legislation, to officers, the military and police, students, the intelligentsia, Lao citizens, and domestic and foreign businesses, to ensure they are well aware and knowledgeable about the content of these documents in order to effectively implement them with concrete results.
- Increase coordination and harmony between the government agencies (vertically and horizontally), promote public–private partnerships in implementing and monitoring the NSEDP through regular consultation about development-related issues.
- Increase the role of public and private organizations as well as community representative associations, mass organizations, people’s organizations, civil society, and domestic and foreign investors, to participate in the national socio-economic plan implementation with success.
- Establish a framework for collaboration between the public and private sectors, including the international organizations and donor community, to jointly implement the NSEDP within its timeframe.

## 10. 8<sup>th</sup> NSEDP MONITORING AND EVALUATION

### 10.1 KEY ELEMENTS OF THE 8<sup>th</sup> NSEDP M&E SYSTEM

In order to adequately monitor and evaluate progress of the 8<sup>th</sup> NSEDP, including MDG (and SDG) achievements, the development of a monitoring and evaluation (M&E) framework is considered crucial. The Ministry of Planning and Investment (MPI) took the lead to develop a 7<sup>th</sup> NSEDP M&E framework and, building on this, the Department of Planning (DoP)/MPI developed an M&E framework for the 8<sup>th</sup> NSEDP that reflects the outcome-based structure of the 8<sup>th</sup> NSEDP.

The 8<sup>th</sup> NSEDP M&E framework has been developed taking into account: (i) the requirements of the long-term strategies for national development (2025 and 2030); (ii) the requirements of the draft manual on the preparation of socio-economic development plans and the way in which M&E is included in the

planning process; (iii) DoP comments on early drafts of the 8<sup>th</sup> NSEDP structure and content; and (iv) the requirements of the Statistics Law and the Strategy for National Statistical System Development.

The MPI, in collaboration with all sectors at the central and local levels, will monitor and evaluate the implementation of the long-term plan and Five-Year Plan in each period. The MPI will be the focal point for coordinating and reporting the results of the Plan in each period.

Data availability and quality for Indicators and Targets at all M&E levels will need to be improved incrementally and explicit strategies will be provided for this, including data management.

Inter-agency coordination on achieving cross-sector Outputs will require strong support from coordinating ministries and other central government coordinating bodies.

## 10.2 Monitoring and Evaluation

### 10.2.1 Responsibilities

The 8<sup>th</sup> NSEDP M&E system is “owned” by the Department of Planning, Ministry of Planning and Investment. It is proposed that the MPI focuses on the achievement of 8<sup>th</sup> NSEDP Outcomes and the sectors and provinces focus on the Outputs of the sector-level plans and cross-sector Outputs. In this way, DoP/MPI is responsible for monitoring and evaluating the achievement of NSEDP Outcomes and sectors remain responsible for sector-level M&E.

MPI-led NSEDP M&E management will therefore be organized for, and capable of: (i) consolidating indicators, baselines and targets of NSEDP Outcomes once they have been defined by the NSEDP preparation process; (ii) working with the sectors, consolidating sector-level Outputs, which are needed to ensure achievement of NSEDP level Outcomes; (iii) supporting sectors as necessary with the identification of sector-level Output indicators, baselines and targets; (iv) monitoring the achievement of NSEDP Outcomes; (v) applying the results of NSEDP Outcome monitoring and evaluation.

Maintenance of the NSEDP M&E system will be through the regular updating of the Outcome indicators, baselines and targets with the formulation of five-year NSEDPs and also updating baselines and targets if applicable following availability of stronger data (through the availability of LSB census or survey data, for example, which may become available during plan implementation) or through revision of targets following a review of achievements to date (most usually through the annual plan valuation/preparation process).

The NSEDP M&E system is credible and baselines and targets are realistic and the data on which they are based is verifiable.

### 10.2.2 Types of Monitoring

M&E of the 8<sup>th</sup> NSEDP is exclusively results monitoring, as it focuses on the target achievements which lead to Outcome achievement. The sectors are concerned with sector-level Output Target achievement (i.e. results monitoring) and also implementation monitoring. Monitoring of the 8<sup>th</sup> NSEDP is only concerned with implementation monitoring if an evaluation is required to better understand target under- or overachievement. In this case, the NSEDP monitoring would examine the implementation monitoring results of the relevant sector.

### 10.2.3 Evaluation

Evaluations of performance will be necessary: (i) at any time there is an unexpected result that requires further investigation; (ii) when resource or budget allocations are being made across plans, programmes or policies; (iii) when a decision is being made whether or not to expand a pilot plan initiative of a component programme; (iv) when there is a long period with no improvement and the reasons for this are not clear; and (v) when programmes or policies are reporting divergent outcomes.

### 10.2.4 Reporting Findings

#### 10.2.4.1 Analysing and Reporting Data

Timely and accurate data is essential for effective planning and monitoring of development programmes. Official population projections are about to be released, and the Government needs to insist that these be used by all government agencies to ensure consistency of approach. However, official projections need to be produced for each province. A beginning needs to be made in improving the registration of vital events so that these become an effective tool for planning.

Reporting is required, to provide information on the status of the Plan and to identify the implications for the next Plan period. The analysis of data collected in the monitoring process and at the NSEDP Outcome level is intended to: (i) clarify the reasons for problems with Plan effectiveness in particular; (ii) consider improvements in the Plan implementation strategies; (iii) provide information over time on trends and directions.

#### 10.2.4.2 Presenting Data

The clear presentation of monitoring results/data is important if the lessons learnt from NSEDP M&E are to be conveyed effectively to those who need to know. Only the most important results/data will be provided, with an appendix or a separate report for detailed technical data. Visual presentations (charts, graphs, maps) will be used to illustrate and highlight key points and “data dumps” will be avoided.

### 10.2.5 Using Findings

NSEDP M&E will be a key tool toward the improvement of government services. It will: (i) provide information to the political leadership, National Assembly and the public as a means of strengthening accountability; (ii) help formulate and justify budget requests; (iii) help make operational resource allocation decisions; (iv) trigger in-depth examinations of what performance problems exist and what corrections are needed; (v) help motivate personnel to continue making plan and programme improvements; (vi) monitor the performance of development partners against performance targets; (vii) provide data for special in-depth plan evaluations; (viii) help provide services more efficiently; (ix) support strategic and other long-term planning efforts (by providing baseline information and later tracking progress; and (x) communicate better with the public to build public trust.

It is important to share the findings of NSEDP M&E. Consideration could be given to the role of the media in disseminating information about the achievements of the NSEDP and lessons learnt, and the continued development of e-government should make it easier to ensure that government agencies are also

well-informed. Information can also be carried on internal and external internet sites and positive reports on the achievement of 8<sup>th</sup> NSEDP Outcome #1, for example, will encourage investors.

As part of the process of building accountability, it is also recommended that civil society and citizen groups be engaged in the process of NSEDP M&E, along with a greater role for the National Assembly. Openness and transparency is important for the M&E process to be credible and this is especially important for budget performance data.

### **10.2.6 A Sustainable M&E System**

The NSEDP M&E process is renewable every five years with updates of Outcome indicators, baselines and targets at NSEDP level and at sector level as Outcomes change to support the national development progress. This process of constant renewal will help to ensure that the NSEDP system is sustainable.

The NSEDP M&E system will also be sustainable if there is a demand for it and, as noted above, there are stakeholders who are becoming more and more engaged and demand for accountability is likely to increase. There must be confidence in the M&E system in that the results must be credible and trustworthy.

The NSEDP M&E system itself will only be sustainable if the roles and responsibilities of those concerned with the operation and maintenance of the system are clear. It is proposed that DoP/MPI has the lead role at NSEDP level, with sectors providing the sector Output performance information that leads to the NSEDP-level M&E. LSB provides a supporting role at NSEDP level and sector level (and at all government levels). It is acknowledged that the capacity of all the agencies at all levels of government that have a role in sector-level NSEDP M&E is weak in places; therefore, a training needs analysis is recommended for NSEDP M&E, with a training programme in mid- to late- 2015 to create readiness for implementation of M&E of the 8<sup>th</sup> NSEDP.

# Annexes

# Annex 1: 8<sup>th</sup> NSEDP Logical Framework

## 8<sup>th</sup> NSEDP – Monitoring and Evaluation Framework

Linked to SDGs*	#	Theme/group	Performance Indicators	Unit	Disaggregated by:	Measuring Frequency	Means of verification	Responsible Ministry / Agency	Comments	Baseline data	Baseline year	Baseline data source	Target	
<p>OUTCOME 1. Continued, firm and inclusive growth achieved, strong economic foundations consolidated and economic vulnerability reduced</p>														
1	1	Outcome 1 indicators	Real GDP Growth Rate	%	National / province	Annual	National Accounts	LSB		7.5	FY2014-2015	Annual NSEDP & LSB report	> 7.5	
	2		Gross National Income (GNI) per capita	USD	National/province	Annual	National Accounts	LSB		1,557.0	FY2014-2015	Annual NSEDP	2,520	
	3		Inflation Rate	%	National	Annual	Admin.data	LSB		1.68	FY2014-2015	LSB	<5	
	4		Percentage of investment projects deemed to require EIA/EE/ESIA/SIA by MoNRE/DESIA that have been evaluated against social and environmental criteria: • public infrastructure investment projects • concessions • Special Economic Zone (SEZ) projects	%	National/ Sector	Annual	Review of projects/NA records	All line ministries / MPI		Green growth indicator 2				
2	5		Unemployment rate	%	age/sex	5 yearly, plus annual projection	Survey/census	MoSLW		1.9% (male 1.8%, female 2.0%)	2010	Labor Survey 2010		<2%
<p>Outcome 1, Output 1 – Sustained and inclusive economic growth</p>														
3	6	Sustained Economic Growth	GDP in nominal terms	Billion Kip	National / province	Annual	National Accounts	MOF / MPI	LDC graduation factor	102,320	FY2014-2015	Annual NSEDP & LSB report	187,885.0	
4	7		GDP in constant or real terms	Billion Kip	National / province	Annual	National Accounts	MOF / MPI	LDC graduation factor	45,248	FY2014-2015	Annual NSEDP & LSB report	65,071.0	
5	8		Nominal GDP per capita	USD kip	National / province	Annual	National Accounts	MOF / MPI	LDC graduation factor	1,970	FY2014-2015	Annual NSEDP & LSB report	3,190.0	
	9	Diversification away from resource sector	Percentage of GDP attributable to natural resources	%	Sector	Annual	National Accounts	LSB/MPI	Green growth indicator 1					
		Inclusive growth	Share of poorest quintile in national consumption						See Outcome 2, Output 1					
	10	Ease of doing business	Total number of procedures required to start a business	#	National	Annual	Project data	MOIC/ MPI		6.0	2015	WB survey	4.0	
	11		Total number of days required to start a business	#	National	Annual	Project data	MOIC/ MPI			72.0	2015	WB survey	62.0
<p>Outcome 1, Output 2 – Macro-economic stability</p>														
	12	Fiscal and monetary policies	Budget deficit as percentage of GDP	%	National	Annual	Admin.data	MOF / BOL		4.7	FY2014-2015	Annual NSEDP & MOF report	3-5	
6	13		Total budget revenue as percentage of GDP	%	National	Annual	Admin.data	MOF / BOL		24.6	FY2014-2015	Annual NSEDP & MOF report	18-20	
7	14	Fiscal and monetary policies	Domestic budget revenue as percentage of GDP	%	National	Annual	Admin.data	MOF / BOL		18.9	FY2014-2015	Annual NSEDP & MOF report	16-17	
8	15		Tax revenue	Billion Kip	National	Annual	Admin.data	MOF / BOL					Y	
9	16		Total budget expenditure, amount	Billion Kip	National/sector	Annual	Admin.data	MOF / BOL		118,639.0	FY2014-2015	Annual NSEDP & MOF report	Y	
			Total budget expenditure, percentage of GDP	%	National/sector	Annual	Admin.data	MOF / BOL		29.3	FY2014-2015	Annual NSEDP & MOF report	23-25	

Linked to SDGs*	#	Theme/group	Performance Indicators	Unit	Disaggregated by:	Measuring Frequency	Means of verification	Responsible Ministry / Agency	Comments	Baseline data	Baseline year	Baseline data source	Target	
	18		Public sector wages as percentage of domestic revenue	%	National /sector	Annual	Admin.data	MOF			FY2014-2015		45	
	19	Fiscal and monetary policies	Inflation Rate Lao Kip exchange rate: · Kip / 1 USD · Difference from FY 2014/15	Kip %	National	Annual	Admin.data	MoF / Bol	Outcome 1 Indicator	8123.15 0%	FY2014-2015		± 5%	
	20		Foreign Exchange Reserves in months of import coverage of goods and services	months	National	Annual	Admin.data	MoF / BOL		≥ 5	FY2014-2015		≥ 5	
11	21		Present value of debt in percent of GDP	%	National	Annual	Admin.data	MOF / BOL						
12	22		Foreign direct investment, annual	million USD	National/ Sector	Annual	Admin.data	MPI (IPD)		15,611.0	FY2014-2015			
13	23	Foreign and domestic investment	Foreign direct investment, annual growth	%	National/ Sector	Annual	Admin.data	MPI (IPD)						
	24		Production value of processing industries	Billion Kip	National/ Sector	Annual	MoC database and sample surveys	MoC		5,462.0	2015	MOIC Annual Report	6,281.0	
	25		Total domestic investment annual growth rate	%	National/ Sector	Annual	Admin.data	MPI						
<b>Outcome 1, Output 3 – Integrated development planning and budgeting</b>														
	26		Percentage of public investment projects approved by National Assembly that were subsequently implemented.	%	National/ Sector	Annual	Review of projects/NA records	All line ministries / MPI						
	27	Quality of investment	Percentage of investment projects deemed to require EIA/EE/ESIA/SIA by MoNRE/DESA that have been evaluated against social and environmental criteria: • public infrastructure investment projects • concessions • Special Economic Zone (SEZ) projects Percentage of investment projects that have undergone a financial assessment: • public infrastructure investment projects • concessions • Special Economic Zone (SEZ) projects	% % %	National/ Sector	Annual	Review of projects/NA records	All line ministries / MPI	Green growth indicator 2 and Outcome 1 Indicator					
	28		Percentage of investment projects that have undergone an economic assessment: • public infrastructure investment projects • concessions • Special Economic Zone (SEZ) projects	% % %	National/ Sector	Annual	Review of projects/NA records	All line ministries / MPI						
	29		Total value of investment (public and private) made in the 8th NSEDP - of which:	Trillion kip	National/ Sector	Annual	Admin.data	MPI (DoP)						
	30	Investment levels, sources, types	Percentage of total investment financed by the Government budget	%	National/ Sector	Annual	Admin.data	MPI / MOF / BOL						
	31		Percentage of total investment financed by foreign loans and grants	%	loan/grant/ sector	Annual	Admin.data	MPI / MOF / BOL						
	32		Percentage of total investment financed by the private sector (domestic and foreign)	%	domestic/foreign and sector	Annual	Admin.data	MPI / MOF / BOL						
	33		Percentage of total investment in financial sector and financial sector development	%	Subsector	Annual	Admin.data	MPI / MOF / BOL						
14	34		Net official development assistance and official aid received from all sources		National/ donor/ sector	Annual	Admin.data	MOF, MPI (DIC)						
		Official Development Assistance and good donorship	- As proportion of nominal GDP	%						5.24	2014-2015	MPI		
			- In current USD	USD							660	2014-2015	MPI	
	35		Net ODA received from OECD/DAC donors by Lao PDR as percentage of its nominal GDP	%	National/donor	Annual	Admin.data	MOF, MPI (DIC)			43.6	2015	MPI	
	36		Proportion of bilateral ODA of OECD/DAC donors that is untied	%	National/donor	Annual	Admin.data	MOF, MPI (DIC)		22.26	2015	MPI		



Linked to SDGs*	#	Theme/group	Performance Indicators	Unit	Disaggregated by:	Measuring Frequency	Means of verification	Responsible Ministry/ Agency	Comments	Baseline data	Baseline year	Baseline data source	Target	
Outcome 1, Output 7 – Regional and international cooperation and integration														
	51	Trade facilitation	Border cost related to importing one container (USD per container)	USD	National	Annual	Survey	MOIC						
	52		Border cost relating to exporting one container (USD per container)	USD	National	Annual		MOIC						
22	53		Trade in goods and services: - Export value	million \$	National	Annual	Annual	Admin.data	MOIC	LDC graduation factor	3,420.0	2015	MOIC Annual Report	3,933.0
	54		- Import value Proportion of export value under preferential treatment as LDC	million \$ %	National National	Annual Annual	Annual	Admin.data Admin.data	MOIC MOIC	LDC graduation factor	4,348.0	2015	MOIC Annual Report	5,000.0
OUTCOME 2. Human resources developed, public/private workforce capacity upgraded, poverty in all ethnic groups reduced, equal access by female/male/all ethnic groups to quality education and health services, the unique Lao culture promoted, protected and developed, political stability maintained with social peace and order, justice and transparency														
	55	Outcome 2 Indicators	Human Asset Index (HAI)	per 1000 live births	National/ provincial/ sex	Five yearly	Surveys (LSIS)	LSB/MoH	LDC indicator					
23	56		Under-five mortality rate	per 1000 live births	National/ provincial/ sex	Five yearly	Five yearly	Surveys (LSIS)	LSB/MoH	LDC graduation factor	79	2011	LSIS	40.0
24	57		Prevalence of stunting among children under 5 years of age	%	National/ Province/ sex/ethnicity	Five yearly	Five yearly	LSIS /nutrition surveys	MoH/MPI-LSB		27	2011	LSIS	17.0
25	58		Maternal mortality ratio	Per 100,000 live births	National	Five yearly	Five yearly	survey (LSIS)	LSB/MPI		357	2011	LSIS	2000
	59		Completion rate, primary education	%	National/ sex/ province/ ethno-linguistic group	Annual	Annual	Admin.Data	MoES		76	2015	Admin. Data	890
	60		Completion rate, lower secondary education	%	National/ sex/ province/ ethno-linguistic group	Annual	Annual	Admin.Data	MoES		91.3	2015	Admin. Data	980
	61	Completion rate, upper secondary education	%	National/ sex/ province	Annual	Annual	Admin.Data	MoES		94.4	2015	Admin. Data	980	
	62	Percentage of youth 15-24 years old achieving at least a fixed level of proficiency in functional (a) literacy and (b) numeracy skills, by sex, by urban/rural, by wealth	%	National/ sex/ province	5 yearly plus annual projection	5 yearly plus annual projection	Surveys (LSIS)	MoES	LDC graduation factor	89.1	2012	Admin. Data	990	
26	63	Percentage of total population living below the national poverty line (poverty headcount rate)	%	National/ province/ ethnic group/ urban/rural/ women-headed households/ households with children<18	Five yearly	Five yearly	Surveys (LECS)	LSB		23.2%	2012/13	LSIS	Y	
Outcome 2, Output 1 – Improved living standards through poverty reduction														
27		Poverty reduction							See Outcome 1, Output 4					
										See Outcome 1, Output 4				
28	64	Inclusive growth	Percentage of total population living below the national poverty line (poverty headcount rate)	%	National	Five yearly	Survey (LECS)	LSB/MPI	Outcome 2 Indicator				Y	
	65		Share of poorest quintile in national consumption	%	National/province	Five yearly	Five yearly	Survey (LECS)	LSB/MPI		7.2%	2012/13		Y
	66		Poverty gap ratio (% of poverty line)	%	National/province	Five yearly	Five yearly	Survey (LECS)	LSB/MPI		5.5%	2012/13		Y
	67		Poverty severity index	Index	National/province	Five yearly	Five yearly	Survey (LECS)	LSB/MPI		1.9	2012/13		Y
	68	Improved living standards & household welfare	Gini coefficient	index	National	Five yearly	Survey (LECS)	LSB/MPI		36.2	2012/13		Y	
	68		Percentage of households with ownership of the following assets: - television - mobile phone - radio - motor bike	%	National/province/ urban/rural	5 years	5 years	Survey (LECS)	LSB/MPI	mobile phone=76% radio=19.6% motorbike=79.5%	TV=75.1% mobile phone=76% radio=19.6% motorbike=79.5%	2012/13		
29	69		Percentage of houses with brick or concrete wall	%	National/province/ urban/rural	5 years	Survey (LECS)	LSB/MPI		59.0%	2012/13			

Linked to SDGs*	#	Theme/group	Performance Indicators	Unit	Disaggregated by:	Measuring Frequency	Means of verification	Responsible Ministry / Agency	Comments	Baseline data	Baseline year	Baseline data source	Target
	70		Villages without primary school in the village or further than one hour's walking distance from any school: - Number - Percentage of total villages	Number %	National/province	Annual	Program data	NCRDPE		31 0.37%	2015	NCRDPE	
	71	Access to services and resources	Villages without health clinic and drug kits in the village, or further than two hours' walking distance from any health clinic/drug kit access: - Number - Percentage of total villages	Number %	National/province	Annual	Program data	NCRDPE		257 3.03%	2015	NCRDPE	
	72		Villages without a safe water source in or close to the village: - Number - Percentage of total villages	Number %	National/province	Annual	Program data	NCRDPE		266 3.44%	2015	NCRDPE	
30	73		Number of villages in the 9 provinces where Non Technical Survey has been completed in accordance with the Lao PDR UXO survey procedures	#	National /province	Annual	Program data	NRA		987	2015	NRA	5,238.0
31	74	UXO impact reduced	Number of Focal Development Areas where Cluster Munitions Evidence-Based Technical Survey has been completed in accordance with the Lao PDR UXO survey procedures	#	National	Annual	Program data	NRA		0	2015	NRA	1,240
32	75		Number of casualties reported as a result of UXO incidents	#	National /sex/age	Annual	Program data	NRA		45	2014	NRA	<40
33	76		Number of UXO survivors having received medical assistance	#	National /sex/age	Annual	Program data	NRA		562	2014	NRA	1,500.0
<b>Outcome 2, Output 2 – Ensured food security and reduced incidences of malnutrition</b>													
	77		Enhanced food production systems and agricultural productivity:								2015	MAF annual report	4.46 ton/ha 280 kg/per/yr
		Improved food security	- Rice per hectare	ton/ha kg/capita	National	Annual	Admin.Data	MAF		4.3	2015	MAF annual report	4.46
			- Rice in kilogram per capita	ton/ha	National	Annual	Admin.Data	MAF		330.0	2015	MAF annual report	280
34	78		Fish/meat/egg production in kilogram per capita (fish includes all aquatic products)	Kg/capita	National	Annual	Admin.Data	MAF		53	2015	MAF annual report	65.0
35	79		Percentage of population consuming less than the minimum dietary energy requirements of 2100 cal/day/person (i.e., under the Food Poverty Line defined by the Government for that year)	%	National / Province/ sex/ethnicity	5 years	Survey (LECS)	LSB/ MoH		20.1%			
		Undernutrition/ malnourishment	Prevalence of stunting among children under 5 years of age										
	80		Prevalence of underweight among children under 5 years of age	%	National / Province/ sex/ethnicity	Five yearly	LSIS /nutrition surveys	MoH/MPH-LSB		38%	2011	LSIS	34.0
36	81		Prevalence of wasting among children under 5 years of age	%	National / Province/ sex/ethnicity	Five yearly	LSIS /nutrition surveys	MoH/MPH-LSB		6%	2011	LSIS	5.0
<b>Outcome 2, Output 3 – Access to high quality education</b>													
37	82	Access TO ECE	Percentage of preschool aged children attending ECD/ ECE/preschool programmes	%	National/sex/ provincial/age	Five yearly/ Annual	Surveys Admin.data	LSB/MoES		43.2	2015		55.0

Linked to SDGs*	#	Theme/group	Performance Indicators	Unit	Disaggregated by:	Measuring Frequency	Means of verification	Responsible Ministry /Agency	Comments	Baseline data	Baseline year	Baseline data source	Target
38	83	Education access	Gross enrolment ratio (GER), secondary education	%	National/ provincial/sex	Annual	Admin.data	MoES	LDC graduation factor	60.0	2015	Admin. Data	75.0
39	84		Gross enrolment ratio(GER); primary education	%	National/ sex/ province/ ethno-linguistic group	Annual	Admin.Data	MoES		118.4	2015	Admin. Data	110.0
40	85		Gross enrolment ratio(GER); lower secondary education	%	National/ sex/ province/ ethno-linguistic group	Annual	Admin.Data	MoES	LDC graduation factor	78.1	2015	Admin. Data	85.0
41	86		Gross enrolment ratio(GER); upper secondary education	%	National/ sex/ province/ ethno-linguistic group	Annual	Admin.Data	MoES	LDC graduation factor	45.8	2015	Admin. Data	60.0
	87		Net intake rate to first grade of primary education	%	National/ sex/ province/ ethno-linguistic group	Annual	Admin.Data	MoES		97.2	2015	Admin. Data	98.0
			Completion rate, primary education						Outcome 2 indicator				
		Education completion	Completion rate, lower secondary education						Outcome 2 indicator				
			Completion rate, upper secondary education						Outcome 2 indicator				
42	88	Learning outcomes	Percentage of students at each level having achieved minimum proficiency standards in reading and mathematics at end of: - primary - lower secondary.	%	subject/ primary-secondary /sex	Periodic	National assessments ASLO/ RIES	MoES					
			Gender parity indices in primary/lower secondary/ upper secondary/ tertiary education calculated with gross enrolment ratios										
43	89	Gender equality in education	Primary	index	National/ province	Annual	Admin.Data	MoES		0.97	2015	Admin. Data	0.97-1.03
44	90		Lower secondary	index	National/ province	Annual	Admin.Data	MoES		0.94	2015	Admin. Data	0.97-1.03
45	91		Upper secondary	index	National/ province	Annual	Admin.Data	MoES		0.87	2015	Admin. Data	0.97-1.03
			Gender parity indices in primary/lower secondary/ upper secondary education calculated with completion rates	index									
46	92		Primary	index	National/ province	Annual	Admin.Data	MoES		0.97	2015	Admin. Data	0.97-1.03
47	93		Lower secondary	index	National/ province	Annual	Admin.Data	MoES		0.94	2015	Admin. Data	0.97-1.03
48	94		Upper secondary	index	National/ province	Annual	Admin.Data	MoES		0.84	2015	Admin. Data	0.97-1.03
49	95	Literacy	Adult literacy rate: Percentage of population (15 years and above) achieving at least a fixed level of proficiency in functional (a) literacy and (b) numeracy skills	%	National/ provincial/ age/ sex/ urban-rural/ wealth	5 yearly plus annual projection	Surveys (LIS) and census	MoES	LDC graduation factor	81.3	2012	Admin. Data	95.0
			Youth literacy rate: Percentage of youth 15-24 years old achieving at least a fixed level of proficiency in functional (a) literacy and (b) numeracy skills							LDC graduation factor			
50	96		Percentage of graduates from Lower Secondary enrolled in vocational education	%	National/sex	Annual	Admin.Data	MoES		2.2	2015	Admin. Data	5.0
51	97	Vocational education	Percentage of graduates from Upper Secondary enrolled in vocational education	%	National/sex	Annual	Admin.Data	MoES		56	2015	Admin. Data	60.0
52	98		Number of students enrolled in vocational education & training	Number	National/sex	Annual	Admin.Data	Admin.Data	MoES		65,000	2015	Admin. Data

Linked to SDGs*	#	Theme/group	Performance Indicators	Unit	Disaggregated by:	Measuring Frequency	Means of verification	Responsible Ministry/ Agency	Comments	Baseline data	Baseline year	Baseline data source	Target	
Outcome 2, Output 4 – Access to high quality health care and preventative medicine														
53	99		Percentage of population covered by all social health protection schemes (including Community-Based Health Insurance, Health Equity Fund, State Authority for Social Security, Social Security Organisation) of which:	%	National/ province/ type of insurance	Annual	National Health Insurance Bureau of the MOH	MOH/MOLSW		30.36	2015	Admin. Data	90.0	
54	100	Social health protection	Number of people enrolled in Community-Based Health Insurance	Number	National/ female	Annual	National Health Insurance Bureau of the MOH	MOH/MOLSW		Total: 999,414 Female: 470,694		Admin. Data		
55	101		Number/Percentage of poor people enrolled in Health Equity Fund	number %	National/ female	Annual		MOH/MOLSW		28	2015	Admin. Data	100.0	
56	102		Number of people enrolled in State Authority for Social Security (SASS)	Number	National/ female	Annual		MOH/MOLSW		Total: 821,979 Female: 401,080		Admin. Data		
57	103		Number of people enrolled in Social Security Organisation (SSO)	Number	National/ female	Annual		MOH/MOLSW		Total: 179,143 Female: 66,599		Admin. Data		
58	104		Number of people enrolled in private sector health insurance	Number	National/ female	Annual		MOH/MOLSW		Total: 65,231 Female: 39,085		Admin. Data		
59	105		Out of pocket Health Expenditure	USD per capita	National	Annual	MoH reports	MOH						
60	106		HAI component: Under-five mortality rate						Outcome 2 indicator					
61	107	Child health	Infant mortality rate	per 1000 live births	National/Sex/ Province/ socio-economic group	Every five years	Surveys (LSIS)	LSB/MPH		68	2011	LSIS	30.0	
62	108		Proportion of 1 year-old children immunised against DPT3	%	National/Province/ district	Annual	Annual	Surveys Admin.data	MOH					
63	109	Maternal health	Proportion of 1 year-old children immunised against measles	%	National/Province/ district	Annual	Surveys Admin.data	MOH		85	2013	MOH	95.0	
64	110		Maternal mortality ratio							Outcome 2 indicator				
65	111		Proportion of births attended by trained health personnel	%	National/Province/ district	Annual	Annual	Surveys Admin.data	MOH/LSB		58	2011	LSIS	70.0
66	112		Percentage of women using contraception	%	National/Province/ district	Annual	Surveys Admin.data	MOH/LSB		49.0	2013	MOH Five-Year Report		
67	113		Percentage of women of reproductive age (aged 15-49) who have their need for family planning satisfied with modern methods	%	National/ Province/ socio-economic group	Five yearly	Surveys (LSIS)	MOH/LSB		42	2011	LSIS	60.0	
68	114		Birth rate of young girl pregnancy between 15-19 years	per 1000 adolescent age	National	Annual	Admin.Data	MoH		94.0	2011-12	LSIS	90.0	
69	115		Antenatal care coverage, at least one visit by trained health personnel	%	National/sex	Annual	Surveys Admin.data	MOH/LSB		54	2011	LSIS	90.0	
70	116		Antenatal care coverage, at least four visits by trained health personnel	%	National/sex	Annual	Surveys Admin.data	MOH/LSB		37	2011	LSIS	75.0	
71	117		Estimated new HIV infections	number per 1000	National/sex	Annual	Admin.Data	MOH		0.26	2011	Admin. Data	0.3	
72	118	HIV/AIDS control	Percentage of key populations at risk having access to combination HIV prevention programmes	%	National/sex	Annual	Sentinel Surveillance Systems (IBBS)	MOH		N.A	N.A	N.A	80.0	
73	119	HIV/AIDS treatment	Percentage of people with diagnosed HIV receiving sustained ART	%	National/sex	Annual	Admin.Data	MOH		33	2015	Admin. Data	90.0	

Linked to SDGs*	#	Theme/group	Performance Indicators	Unit	Disaggregated by:	Measuring Frequency	Means of verification	Responsible Ministry / Agency	Comments	Baseline data	Baseline year	Baseline data source	Target
69	118	Malaria control	Malaria incidence rate among the population living in areas where malaria transmission occurs	Cases per 1,000	National/province	Annual	Admin.Data	MOH		7.2	2015	Admin. Data	2.5
	119		Proportion of children under age 5 testing positive for malaria who are treated with appropriate anti-malarial drugs	%	National	Annual	Admin.Data	MOH		99	2015	Admin. Data	99.0
70	120	Tuberculosis control	Incidence, prevalence and death rates associated with tuberculosis	per 100,000	National	Annual	Admin.Data	MOH		-- 189 - 464 - 55	2014	Admin. Data	357.0
71	121		Proportion of tuberculosis cases detected under directly observed treatment (DOTS) short course	%	National	Annual	Admin.Data	Admin.Data	MOH		36.4	2015	Admin. Data
72	122		Tuberculosis treatment success rate	%	National	Annual	Admin.Data	MOH		90.0	2015	Admin. Data	90.0
73	123	Access to safe drinking water & improved sanitation	Proportion of population using an improved drinking water source	%	province/urban/rural	Five yearly	Survey (LSIS)	LSB	Green growth indicator 5	84	2014	7th SEDP Review of MOH	90.0
74	124		Proportion of population using an improved sanitation facility	%	province/urban/rural	Five yearly	Survey (LSIS)	Survey (LSIS)	LSB	Green growth indicator 6	67	2012	7th SEDP Review of MOH
	125	Investment in water & sanitation	Investment in water supply & sanitation:	\$	National/Urban/Rural	Annual	Admin.Data	MOH					
			- Urban water supply	\$			Annual	Admin.Data	MOH		187,022.0	2015	Nampapa Department/MPWT
			- Urban sanitation	\$		Annual	Admin.Data	MOH					
			- Rural water supply	\$		Annual	Admin.Data	MOH					
			- Rural sanitation	\$		Annual	Admin.Data	MOH					
<b>Outcome 2, Output 5 – Enhanced social protection</b>													
75	126	Social protection	Number of informal sector workers covered by social security	Number	National/ sector/sex	Annual	Admin.Data	MOLSW		Total: 2,986 Female: 1,197	2015	SSO	Total: 10,000
	127		Number of villages with child protection bodies or child protection networks	#	National/ province	Annual	Admin.Data	MOLSW		496	2015	Admin. Data	800
	128	Protection of women & children	Number of qualified social workers	#	National/ province	Annual	Admin.Data	MOLSW		36 graduates with BA degree	2015	Department of Social Work/ MOLSW	250
	129		Number of Child Protection Committees established at province and district level	#	National	Annual	Admin.Data	MOLSW		central level: 1 provincial level: 11 district level: 35	2015	Department of Social Work/ MOLSW	
	130	Women's access to justice	Number of grievance cases referred to court, as monitored by the National Committee for Advancement of Women (NCAW)	#	National/ province	Annual	Admin.Data	NCAW					
<b>Outcome 2, Output 6 – Protection of traditions and culture</b>													
76	131		Number of villages developed into "Cultural Villages"	Number	National	Annual	Admin.Data	MOICT		4,821	2015	MOICT	
77	132		Number of established tourist sites: - National Heritage Sites (cultural/historical /natural) - nature tourism sites	Number	National	Annual	Admin.Data	Admin.Data	MOICT	Green growth indicator 7	15	2015	MOICT
	133	Cultural sites and tourism	Number of international tourists entering Lao PDR	Number	National/ registered destination	Annual	Admin.Data	MOICT		4,684,429	2015	MOICT	26,000,000
	134		Revenue from tourism sector (International tourism receipts)	\$	National/ registered destination	Annual	Admin.Data	MOICT		725,365,681	2015	MOICT	4,204,000,000
<b>Outcome 2, Output 7: Maintain political stability, social peace, order, justice and transparency</b>													
	135		Percentage of rural districts with established communication system engaging the public to understand the Party's and Government's policy directions	%	National	Annual	Admin.Data						

Linked to SDGs*	#	Theme/group	Performance Indicators	Unit	Disaggregated by:	Measuring Frequency	Means of verification	Responsible Ministry/ Agency	Comments	Baseline data	Baseline year	Baseline data source	Target
	136		Laws passed by the National Assembly that have implementation regulations in place: - Number - Percentage of total laws passed  Women's access to justice	Number %	National	Annual	Law Review						
	137		Number of grievances from citizens resolved through courts and village mediation units using legal aid services	Number	National	Annual	People's Supreme Court/Ministry of Justice Records		See Outcome 2, Output 5				
	138	Adherence to core Human Rights instruments	Percentage of accepted recommendations of the Second Universal Periodic Review Cycle that have been implemented	%	National	Annual	Reports prepared for UPR						
78	139		Percentage of children under 5 whose births have been registered with a civil authority	%	National/ Sex	5 years	Surveys (LSIS) Census						
79	140		Number of arrests related to human trafficking	number	National/ sex/ age	Annual	Admin.Data						
80	141	Combating Human trafficking	Number of victims of human trafficking per 100,000	number/ sex/ age/ exploitation form	National/ sex/ age	Annual	Admin.Data						
<b>OUTCOME 3. Natural resources and the environment protected and sustainably managed, green growth promoted, disaster preparedness enhanced and climate resilience developed</b>													
81	142		Forest area as a percentage of total land area	%	National	Annual	MAF data	MAF/MONRE	Green growth indicator 12	42	2010	MAF Forest Survey	70.0
	143	Outcome 3 indicators	Economic Vulnerability Index (EVI)	index					LDC graduation factor	36.2	2015		32.0
82	144		Number of deaths, missing people, injured, relocated or evacuated due to disasters per 100,000 people	per 100,000	National	Annual	Admin.data	MONRE, MLSW	Green growth indicator 14 and LDC graduation factor	10,928 <b>811</b>	2015	MOLSW Report in FY2015-2016	Y
<b>Outcome 3, Output 1 – Environmental protection and sustainable natural resources management</b>													
83	145	Environmental protection	Production forest area: - certified by FSC - with FLEGT license	Hectares	National	Annual	Admin.Data	MAF	Green growth indicator 8	81600	2015	MAF	20% of 324 zones
	146		Number of projects that completed IEE and/or EIA before MPI signs to approve project implementation.	Number	National	Annual	Review of concession contracts	MONRE	Green growth indicator 9	399	2015	MONRE	
	147	Land management	Completion of land use classification in all parts of the country:  - Number of Provinces - Number of Districts	Number Number	National National	Annual Annual	Admin.Data Admin.Data	MONRE MONRE	Green growth indicator 10	0 55.0	2015 2015	MONRE MONRE	18.0 93.0
	148	Resilience and green growth	Number of districts that have completed preliminary assessments for Green and Clean Towns (including climate-smart planning) along Road No. 13	Number	National	Annual	Admin.Data	MONRE/MPWT	Green growth indicator 11	-			10.0
		Forest cover	Proportion of land area covered by forest						Green growth indicator 12 & Outcome 3 indicator				
84	149		Number of known species threatened with extinction	Number	National	Annual	IUCN Red List	MONRE	Green growth indicator 13	212	2015		
		Biodiversity	- Mammals	Number	National	Annual	IUCN Red List	MONRE		45	2015		
			- Reptiles	Number	National	Annual	IUCN Red List	MONRE		17	2015		
			- Birds	Number	National	Annual	IUCN Red List	MONRE		24	2015		
			- Fish	Number	National	Annual	IUCN Red List	MONRE		55	2015		
			- Amphibians	Number	National	Annual	IUCN Red List	MONRE		9	2015		

Linked to SDGs*	#	Theme/group	Performance Indicators	Unit	Disaggregated by:	Measuring Frequency	Means of verification	Responsible Ministry /Agency	Comments	Baseline data	Baseline year	Baseline data source	Target	
Outcome 3, Output 2 – Preparedness for natural disasters and risk mitigation														
		Disaster impact	Number of deaths, missing people, injured, relocated or evacuated due to disasters per 100,000 people						Green growth indicator 14 & Outcome 3 Indicator					
Outcome 3, Output 3 – Reduced instability of agricultural production														
	150	Agricultural production stability	EVI component: instability of agricultural production	Convert to Index	National	Annual	Sources provided in LDC Guidelines, Annex 1	MPI/LSB	Green growth indicator 15 and LDC graduation factor				DK	
CROSS CUTTING OUTPUTS														
Cross-cutting Output 1 – Public governance and administration enhanced														
	151	Public management and administration	Percentage of districts meeting the criteria of 3 Builds District	%	National	Annual	Admin.Data						Y	
	152		Percentage of districts having completed training for the rollout of the 3 Builds (Sam Sang)	%	National	Annual	Admin.Data							
Cross-cutting Output 2 – Local innovation and use of science, technology and telecommunications promoted, information and communication technologies (ICT) enhanced														
	85	Access to information and communications technology (ICT)	Percentage of population registered as internet users through landline & wireless	%	National	Annual	Admin.Data	MPT		7	2015	MPT	30.0	
	86		Percentage of population registered as mobile phone users	%	National	Annual	Admin.Data	MPT		57	2015	MPT	100.0	
	87		Percentage of population registered as landline and wireless home phone users	%	National	Annual	Admin.Data	MPT		14	2015	MPT	20.0	
Cross-cutting Output 3 – Gender equality and empowerment of women and youth														
	88	Women's empowerment & gender equality	Percentage of women in decision making positions / leadership positions	%	National/Province/district	Annual	Admin.Data	MoHA& Central Party Bureau		13.34	2015	Statistics of Civil Servant 2015	>15	
	89		Percentage of women in National Assembly	%	National	Annual	Admin.Data	Surveys	NA		27.5	2015	NA	
	90		Share of women among owners of businesses/ enterprises	%	National	Periodic			MOIC, MOLSW					
			Gender equality in Education						See Outcome 2, Output 3 indicators					
			Gender equality in Employment						See Outcome 1, Output 5 indicators.					
	91		Percentage of time spent on unpaid domestic and care work by sex, age group and location	%	National/ sex / location	Periodic	Surveys	LSB						
	92		Adolescent pregnancy, as a percentage of total pregnancy	%	National	Annual	Admin.Data	MoH						

## KEY for NSEDP M&amp;E Framework

 Blue shaded cells represent indicators that are linked to LDC graduation criteria.

 Grey cells represent indicators that appear again under another output. These indicators are therefore relevant to more than one output.

Annex 2: 7<sup>TH</sup> NSEDP Achievement Figures

No.	Items	Unit	Implementation 2010-2011	Implementation 2011-2012	Implementation 2012-2013	Implementation 2013-2014	Implementation 2014-2015	Total 5 Years	Average 5 Years	Compared to Plan	Targets 2011-2015	
1	2	3	4	5	6	7	8	9	10	11	12	
<b>I.</b>	<b>Economic Growth</b>											
1	GDP Growth	%	8.1	8.3	8	7.8	7.5		7.94		>8	
	- Agriculture and Forestry	%	2.9	2.8	3.1	3	3		2.96		3.5	
	- Industry	%	15.8	14.4	7.4	8.5	8.9		11.00		15	
	- Services	%	7.8	8.1	9.7	9.3	9.1		8.80		6.5	
2	GDP at Current Price	Billion Kip	62,458.00	70,343.00	80,199.00	90,823.12	102,320.00	406,143.12	81,228.62		104,000	
	GDP at Current Price	Million USD	7,771.95	8,781.10	10,193.17	11,305.98	12,596.10	50,677.49	10,129.66			
3	Shared of GDP	%	100.00	100.00	100.00	100.00	100.00		100.00		100	
	- Agriculture and Forestry	%	27.90	26.70	25.20	24.80	23.70		25.66		23	
	- Industry	%	26.90	29.60	28.00	27.50	29.10		28.22		39	
	- Services	%	45.20	43.70	46.80	47.70	47.20		46.12		38	
4	GDP per capita	USD	1,217.00	1,349.00	1,534.00	1,671.00	1,970.00				1,700	
<b>II.</b>	<b>Total Investment</b>	<b>Billion Kip</b>	<b>28,663.23</b>	<b>36,225.52</b>	<b>45,198.21</b>	<b>94,315.29</b>	<b>44,359.03</b>	<b>248,761.28</b>	<b>49,752.26</b>	<b>195.88%</b>	<b>127,000.00</b>	
1	Domestic Budget	Billion Kip	1,753.23	2,139.07	2,939.64	2,760.82	3,424.93	13,017.69	2,603.54	96.43%	12000-15000	
2	Official Development Assistance (ODA)	Billion Kip	5,062.89	5,639.55	6,097.63	4,819.92	5,361.27	26,981.26	5,396.25		30000-33000	
		USD	630.00	704.00	775.00	600.00	660.00	3,369.00	673.80	91.05%	3500-3900	
3	Domestic and Foreign Investment	Billion Kip	15,348.70	21,520.00	24,388.00	77,930.40	28,081.73	167,268.83	33,453.77	247.81%	64000-71000	
4	Bank Credit	Billion Kip	6,498.41	6,926.90	11,772.94	8,804.15	7,491.10	41,493.50	8,298.70	307.36%	12000-15000	
<b>III.</b>	<b>Budget Balanced</b>		<b>5,062,894.20</b>	<b>5,639,553.92</b>	<b>6,097,638.00</b>	<b>4,819,920.00</b>	<b>5,361,279.00</b>					
1	Total Revenue	Billion Kip	14,310.00	17,263.00	20,176.00	23,331.00	24,468.00	99,548.00	19,909.60			
	- Domestic Revenue	Billion Kip	10,601.00	12,698.00	15,264.00	18,161.00	19,923.00	76,647.00	15,329.40			
2	Expenditure	Billion Kip	15,997.00	19,115.00	26,269.00	28,160.00	29,097.00	118,638.00	23,727.60			
3	Budget Deficit	Billion Kip	(1,687.00)	(1,852.00)	(6,093.00)	(4,829.00)	(4,629.00)	(19,090.00)	(3,818.00)			
<b>IV.</b>	<b>Monetary</b>											
1	Inflation	%	7.42	5.12	5.64	5.16	1.68		5.00		<8	
2	Exchange Rate											
	- Kip/Dollar	Kip/Dollar	8,036.34	8,010.73	7,867.92	8,033.20	8,123.15		8,014.27		8500	
	+ Percent changed	%	4.16%	0.32%	1.82%	-2.06%	-1.11%		0.63%		-/+5	
	- Kip/Baht	Kip/Baht	266.51	258.13	259.32	251.13	245.52		256.12			
	+ Percent changed	%	-3.39%	3.25%	-0.46%	3.26%	2.29%		0.99%		-/+5	
3	Money supply (M2)	%	37.94%	28.01%	20.61%	27.14%	20.66%		26.87%			
4	Foreign Reserve	Million USD	718.10	658.57	583.44	834.70	798.20					
	- Total Reserves in months of imports	Months	the reserves can cover 5 months of imports on average									>6

No.	Items	Unit	Implementation 2010-2011	Implementation 2011-2012	Implementation 2012-2013	Implementation 2013-2014	Implementation 2014-2015	Total 5 Years	Average 5 Years	Compared to Plan	Targets 2011-2015
V.	Trade										
	Total Exports	Million USD	2,027.15	1,696.44	3,645.86	3,433.71	3,426.07	14,229.23	2,845.85		
	growth per annum		13.32%	-16.31%	114.91%	-5.82%	-0.22%	105.87%	21.17%		
	Total Imports	Million USD	2,324.58	2,566.78	3,649.75	4,680.84	4,407.72	17,629.67	3,525.93		
	growth per annum		39.12%	10.42%	42.19%	28.25%	-5.83%	114.14%	22.83%		
	Trade deficit	Million USD	(297.43)	(870.34)	(3.89)	(1,247.13)	(981.65)	(3,400.44)	(680.09)		
*	Compared to GDP		1,788.93	1,670.97							
<b>I</b>	<b>Total investment per GDP</b>	%	<b>45.89%</b>	<b>51.50%</b>	<b>56.36%</b>	<b>103.85%</b>	<b>43.35%</b>	<b>61.25%</b>			<b>32</b>
1	Domestic Budget/Total Investment	%	6.12%	5.90%	6.50%	2.93%	7.72%	5.23%			10-12
2	ODA/Total Investment	%	17.66%	15.57%	13.49%	5.11%	12.09%	10.85%			24-26
3	Foreign and Domestic Investment/Total Investment	%	53.55%	59.41%	53.96%	82.63%	63.31%	67.24%			50-56
4	Bank Credit/Total Investment	%	22.67%	19.12%	26.05%	9.33%	16.89%	16.68%			10-12
<b>II</b>	<b>Budget Balanced per GDP</b>										
1	Total Revenue	%	22.91%	24.54%	25.16%	25.69%	23.91%	24.51%			19-21
	- Domestic Revenue	%	16.97%	18.05%	19.03%	20.00%	19.47%	18.87%			
2	Expenditure	%	25.61%	27.17%	32.75%	31.01%	28.44%	29.21%			22-25
3	Budget Deficit	%	-2.70%	-2.63%	-7.60%	-5.32%	-4.52%	-4.70%			3-5
<b>III.</b>	<b>Trade per GDP</b>										
1	Total Exports	%	26.08%	19.32%	35.77%	30.37%	27.20%	28.08%			18
2	Total Imports	%	29.91%	29.23%	35.81%	41.40%	34.99%	34.79%			
3	Trade deficit	%	-3.83%	-9.91%	-0.04%	-11.03%	-7.79%	-6.71%			

## Annex 3: Main targets of the 8th NSEDP (2016-2020)

Items	Unit	2016-2020
Population	Million People	7.08
GDP Growth	%	7.5
- Agriculture and Forestry	%	3.2
- Industry	%	9.3
- Services	%	8.9
Shared of GDP: - Agriculture and Forestry	%	19.0
- Industry	%	32.0
- Services	%	41.0
GDP at Current Price	Billion Kip	746,896
GDP at Current Price	Million US Dollar	90,509
GDP per capita	Million Kip/person	26.5
GDP per capita	USD/person	3,190
GNI per capita (Atlas method)	USD/person	2,520
<b>Total Investment per GDP</b>	%	<b>30%</b>
<b>Total Investment</b>	<b>Billion Kip</b>	<b>223,000</b>
<b>Domestic Budget</b>	%	<b>9-11%</b>
<i>per GDP</i>	%	3.3
<b>Official Development Assistance (ODA)</b>	%	<b>12-16%</b>
<i>per GDP</i>	%	3.8
<b>Domestic and Foreign Investment</b>	%	<b>54-57%</b>
<i>per GDP</i>	%	16.6
<b>Financial System</b>	%	<b>19-21%</b>
<i>per GDP</i>	%	6.0
<b>Total Revenue</b>	<b>%/GDP</b>	<b>19-20%</b>
<i>Domestic Revenue</i>	<b>%/GDP</b>	16-17%
<b>Expenditure</b>	<b>%/GDP</b>	<b>≤ 25%</b>
<b>Budget Deficit</b>	<b>%/GDP</b>	<b>≤ 5%</b>
Export growth	%	>15 <b>နှစ်</b>
Inflation	%	<5 <b>နှစ်</b>
Expected Labour Force	Million People	4.41
Poverty Rate	%	<10%
Adult literacy rate - population above 15 years	%	95%
မြတ်နိုးမှု/အသက် 15 နှစ်အထက်	%	90%
Infant mortality rate	per 1,000 live births	30
Maternal mortality rate	per 100,000 live births	160
Prevalence of underweight, weight for age (% of children under 5)	%	20%
Prevalence of stunting, height for age (% of children under 5)	%	3.2%
Social protection coverage	% of total population	80%
Land title	number	400,000
Forest cover	% of total area	70%





## Annex 5: Glossary of Terms

### Intended Impact

Synonyms – *Intended effect / Intended influence / Intended consequences / Intended repercussions / Intended ramifications*

A statement or series of statements about what the Government is trying to achieve and will hold itself accountable for within some manageable period of time.

### Outcome

Synonyms – *the way a thing turns out / a consequence / conclusion*

Outcomes reflect accomplishments and are phrased as an improvement over a baseline situation, which is described in the Performance Indicators and Targets columns of the Logical Framework. Outcomes should be reasonably achievable – subject to assumptions and risks – by the end of the 8<sup>th</sup> NSEDP implementation period and necessary but not sufficient to achieve the Intended Impact of the plan.

Outcomes are actual or intended changes in development conditions that UNDP interventions are seeking to support. They describe a change in development conditions between the completion of outputs and the achievement of impact.

### Outputs

Synonyms – *the amount of something produced / amount/quantity produced / yield*

Outputs are the specific products and services that emerge from linked Activities that use specified Inputs i.e. PIP resources. Outputs, therefore, relate to the completion (rather than the conduct) of activities and are the type of result over which sectors have a high degree of influence.

### Activities

Activities are the groups of tasks carried out using 8<sup>th</sup> NSEDP resource allocations to produce the desired outputs. Points to note are: (i) list only those activities that represent the main steps in the transformation process, turning inputs into outputs. They should not be a restatement of an output as an action; (ii) activities should be possible with the available inputs; and (iii) include completion dates and/or important milestones for each activity.

The list of core activities forms the basis for preparing the 8<sup>th</sup> NSEDP implementation schedule by sector.

### Inputs

Inputs are the main resources required to undertake the activities and to produce the outputs. These include consulting services, personnel, civil works, equipment, materials and operational funds, which are provided by the Government, co-financiers and others, including beneficiaries if applicable. Inputs to be listed should include, as a minimum, the following: (i) inputs by financier and main cost categories in financial and/or physical terms; (ii) in-kind contributions from other stakeholders.

## Indicators

Indicators are specific measures that, when tracked systematically over time, indicate progress (or not) toward a specific target. The criteria for the design of effective indicators are often represented in the acronym “CREAM.” The letters of the acronym refer to their being: (i) clear; (ii) relevant; (iii) economic (affordable to measure); (iv) adequate; and (v) monitorable.

Clarity implies that the indicator is expressed in such a way that it cannot be misunderstood. Relevance is very important: it is emphasised that Outcome indicators are not general – they are designed for a specific purpose and cannot be transferred from plan to plan.<sup>19</sup> Affordability of the collection and analysis of the information is also important: if it is not affordable, because it will need fiscal resources that are not available, it should not be used. The indicators should be adequate in the sense that they cover all the key aspects of the part of the plan with which they are concerned. Monitorability is a measure of the adequacy of the data sources (including timing of the availability of information, frequency of availability, quality of information).

### Indicator Impact Level

Performance indicators at the impact level specify the expected medium- to long-term impact to which the present NSEDP or series of NSEDPs will contribute. Hence, the impact-level indicator includes targets beyond the scope of the 8<sup>th</sup> NSEDP. It is essential that the responsibility for monitoring and measuring the impact indicators is clearly defined during project processing (i.e. by DoP/MPI)

### Outcome-level Indicator

Outcome or end-of-project indicators define the 8<sup>th</sup> NSEDP’s immediate effect on or the behavioural change of beneficiaries and improvements to systems or institutions. They are the performance targets that the 8<sup>th</sup> NSEDP takes full accountability to deliver and they are the basis by which the 8<sup>th</sup> NSEDP will be judged a success or a failure. The responsibility for monitoring and measuring the outcome indicators lies with the DoP/MPI.

### Output-level Indicator

Output indicators are the easiest to define. They specify the key tangible goods and services the sectors will deliver to achieve the Outcomes. They define the sector’s terms of accountability that have to be achieved by the end of 8<sup>th</sup> NSEDP implementation. It is the sector’s responsibility to monitor the performance indicators at Output level.

### Performance Targets

The Targets are quantifiable levels of the Indicators that Lao PDR wants to achieve by the end of the Plan period. The formula for targets can be simply described as: *Baseline data + desired level of improvement = target performance.*

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<sup>19</sup> This Report acknowledges this and focuses on providing support to the process of the preparation of the M&E system of the 8<sup>th</sup> NSEDP, but does not design the content of the 8<sup>th</sup> NSEDP M&E system. This can only be done within the overall NSEDP formulation process.

The desired level of improvement assumes a finite and expected level of inputs, activities and outputs (which are to be identified subsequently in an iterative process). Figure 10 shows that, at NSEDP level, Outcome Indicator targets are the targets established for relevant sector-level Outcome Indicators. When setting target values for selected performance indicators:

- Use ranges rather than one value, because this not only acknowledges the difficulty in setting targets but also provides information on the expected minimum result and the possible result, e.g., “between x percent and y percent” is better than quoting y percent alone. Achievements anywhere within the upper and lower boundaries ought to be considered as “meeting predetermined results.” As an alternative, use the lower-level range and state “at least x percent”.
- Refer to results achieved elsewhere. If comparable indicator information is available for benchmarking, this should guide what is achievable.
- Set intermediate targets, if possible, that can be reached during the life of the project and immediately afterward. This helps check on the feasibility of an end target as well as providing a better basis for assessing the likelihood of success during project implementation.

### **Baselines**

Baseline data is a key factor in NSEDP M&E. Baseline data enables an assessment of “where are we today”, against which progress can be measured. The need to restate this should not be underestimated: the M&E Framework for the 7<sup>th</sup> NSEDP had a very limited amount of data on the baseline for the Five-Year Plan and without baseline data it is difficult to assess progress with the plan implementation. Many of the suggested baselines in the M&E Review referred to old data (i.e. the 2008 MDG Report) as a baseline. This is clearly an inadequate baseline for assessment of 7<sup>th</sup> NSEDP MDG performance.

Baseline data can be drawn from primary sources that are collected specifically for the Plan, and from secondary sources that are collected for another purpose but can be used for NSEDP monitoring. Secondary sources can be drawn from within NSEDP implementing organizations within government, LSB surveys, international data sources and others. The use of secondary data can reduce M&E expenditure, but care is needed to ensure that it is truly the information needed.









