



LAO PEOPLE'S DEMOCRATIC REPUBLIC

Peace Independence Democracy Unity Prosperity

Round Table Implementation Meeting

Vientiane Province, 22nd - 23rd November 2017

CONSOLIDATED PROGRESS REPORT OF SECTOR WORKING GROUPS

**Prepared by
Ministry of Planning and Investment
Department of International Cooperation
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Introduction

This report presents a consolidation of the submissions from ten (10) Sector Working Groups in preparation for the Round Table Implementation Meeting (RTIM) on 22nd and 23rd November 2017.

Sector Working Groups have been coordinating and conducting a series of consultation within the groups and with relevant stakeholders to ensure effective implementation of the sector development goals in which embedded within the 8th National Socio-Economic Development Plan (NSEDP) for 2016-2020 and Sustainable Development Goals (SDGs) as well as the long term vision on graduation from the Least Developed Country status by 2020.

The Sector Working Group is a fundamental element of the Round Table Process which provides fundamental platform for exchange view, experience and knowledge between the Government and Development Partners on key development agenda at sectoral level. The deliberations of Sector Working Groups are therefore contributing to the preparation of the Background Document as well as informing the discussion points at the Round Table Implementation Meeting held annually and the high level Round Table Meeting that is organized every five years.

The report is a reference for the RTIM participants, which provides an overview of the achievements in each sector in the implementation of the annual NSEDP 2017 as well as outline priorities and targets for the fiscal year 2018. The Sector Working Group progress reports prepared this year also highlight the progress in following up the discussion points arising during the 12th High Level Round Table Meeting (HL RTM 2015) and RTIM 2016, and also initiatives towards enhancing development effectiveness, including partnership within and across sectors.

The Ministry of Planning and Investment, Department of International Cooperation (DIC), would like to express its appreciation and gratitude to all 10 Sector Working Groups for their valuable inputs to the preparation of this year RTIM and for the effective cooperation throughout the year.

Agriculture and Rural Development (ARD-SWG)

Name of Sector Working Group: Agriculture and Rural Development

Chair of SWG: H.E. Dr. Phouang Parisak Pravongviengkham, Deputy Minister of Agriculture and Forestry

Co-Chairs of SWG:

H.E. Mme. Claudine Ledoux, Ambassador of France
Dr. Stephen Rudgard, FAO Representative

SWG Secretariat Focal Points:

Government Officials:

Mr. Xaypladeth Choulamany, Director-General Planning and Finance

Development Partners:

Matthieu Bommier, AFD Representative
Michael Jones, Policy Officer, FAO

Technical Supporting Staffs:

Government Officials:

Dr. Phommy Inthichack, Director Division of International Cooperation, MAF

Development partners:

Mr. Chanthalath Pongmala, Deputy FAO Representative

I. Overall progress towards sectoral outcomes and results

The SWG-ARD has undergone major restructuring this year, aligning with similar restructuring within the Ministry of Agriculture: adding a new SSWGs—Rural Development—and bringing the SSWG-Forestry back into ARD. The first of these has finalized its structure and TOR while the second has been active in supporting discussion of many issues in the forestry sector. The SSWGs Agro-biodiversity (ABD) and Farmers and Agri-business (FAB) remain active. The SWG membership approved a revised TOR which features the SDGs and the revised Vientiane Declaration. The SWG continues to be chaired by the MAF Deputy Minister and co-chaired by France and the FAO.

The SWG-ARD held discussion on a variety of specific topics that contribute to the RTIM proposed topics for special dialogue, including the following.

LDC graduation and SDC integration: the SDG's have been integrated within the SWG objectives and reporting framework. The SWG meetings include frequent discussion of nutrition-sensitive agriculture, a major contribution of the sector towards realizing the criteria for LDC graduation.

Realizing quality private sector investment for development: The Chair of the SWG has pushed this agenda to the front during discussion in both meetings, reflecting the importance and challenges. The various SSWGs also report on dialog supporting improved approaches to promoting the quality of investment needed to realize national goals. Specific presentations

deal with elements of the topic: contract farming, and agro-biodiversity and pesticide use. A number of civil society members of the SWG put together a publication, Voluntary Commitments for Responsible Agribusiness in Lao PDR, based on the OECD/FAO Guidance for Responsible Agriculture Supply Chains, published in 2016.

Investing in Skills for Human Development: The SSWG-FAB has built a large discussion around involving youth in agriculture through improved opportunities for learning and applying advanced skills. The sector’s World Food Day agenda included addressing migration through improved support for rural development and opportunities to engage more advanced technologies and modernization in rural areas, including agriculture and other sectors.

II. Overview of Sector Performance in 2017

Sector outputs and activities	Progress	Challenges and opportunities
A. Thematic (substantive) areas		
Actions/activities relating to the RTM/RTIM recommendation/discussion points		
Sector Working Group	<p>The SWG has supported dialog on the following focus areas:</p> <ul style="list-style-type: none"> -4.02: Multi-sectoral approach to managing livestock disease outbreaks to reduce the economic and potential health impact on people. -4.03: Research into the policy, practice, and impact of contract farming found opportunity for improved frameworks and understanding to improve the impacts. -4.04: studies and discussion about the impact of growing pesticide use across the country, the evidence of impact on human health, the need for greater regulation and oversight, and the use of farmer field schools to inform and improve practices. -5.02: Rural Finance: use of diverse financial services to reach the 45% of Lao population distant from banks and ATMs. -9.08: Use of farmer field schools to promote application of integrated pest management. -7.01: discussed the support to sub-national coordination, planning, reporting capacities for NSA within the NNS-PA. 	<p>A continuing theme for the SWG will be the work to balance policy, services, and investment across the sector to realize both overall food security goals and local need for nutrition: balancing commercialization with nutrition. This will be pursued through policy dialog, and sub-national planning and M&E systems, and will rely on partnership with many agriculture-related ODA projects.</p> <p>There remains a strong need to improve the framework for engaging private sector in agriculture: improved contract farming legal setting; regulating the use of pesticides, better support to farmers (and FOs) engaging with value chains, promotion of high-value value chains; etc.</p>

Sector outputs and activities	Progress	Challenges and opportunities
	<p>-7.03: discussed technical support to NSA services</p> <p>-7.07: Integrating FS & N concepts into sub-national planning and reporting practices.</p> <p>-7.08: Discussed place of nutrition sensitive agriculture as a cross-cutting theme for discussion within all SSWG and SWG meetings.</p> <p>-7.09: revised impact pathway for NSA to address both accessibility and fit within larger monitoring of consumption.</p> <p>-7.12: Developing an M&E system for NSA to integrate with the NPIN.</p>	
Sub-Sector Working Group on Agro-biodiversity (ABD)	<p>The SSWG has addressed RTM Focus Areas as follows:</p> <p>- 4.04: developed recommendations on the reduction of pesticide use in the promotion of agro-ecological practices.</p> <p>- 7.08: considered use of agro-biodiversity for nutrition in the form of aquatic resources and NTFP</p>	<p>The SSWG will address the areas of germplasm-related policies (crops and livestock) including the use of native varieties and breeds (Focus Area 4.02); development of agro-ecological practices including conservation agriculture and associated topics (Focus Area 4.04); the role of the private sector in conservation and sustainable use of Agro-biodiversity (Focus Area 9.8)</p>
Sub-Sector Working Group on Farmers and Agribusiness (FAB)	<p>The SSWG has addressed RTM Focus Areas as follows:</p> <p>4.02 Providing platform for the voice of small producers (eg . representatives of Lao Farmer Network)</p> <p>4.03 Commissioning and disseminating value chain studies</p> <p>4.04 Sharing data about pesticide use and contamination of the food system, and cases of sustainable agriculture.</p> <p>5.02 Sharing of studies and guidelines for strengthening farmer organisations and promoting rural entrepreneurship</p> <p>7.08 Dissemination of nutrition</p>	<p>Growing concerns regarding food safety could affect agricultural trade in addition to health of domestic producers and consumers. In response, the SSWG will give more attention to capitalizing experience with agro-processing, testing and certification.</p> <p>The issue of rural youth has also moved onto the agenda for this SSWG. Agribusiness involves job creation not just commodity production. Thus the role of SMEs in the sector deserves more attention.</p>

Sector outputs and activities	Progress	Challenges and opportunities
	<p>training and extension materials</p> <p>9.08 SSWG members are contributing through their own projects and programmes</p>	
<p>Sub-Sector Working Group on Forestry (F)</p>	<p>The SSWG has addressed RTM Focus Areas as follows:</p> <p>4.04: is considered a potential intervention to address crop land expansion into forest area in draft National REDD+ Strategy (NRS)</p> <p>4.06: is considered a very important condition for forest protection in draft NRS</p> <p>9.1: is on-going and SSWG-F listed to report on its progress</p> <p>9.2: is continuously addressed through implementation of PM Order 15 issued in May 2016 and its implementing regulations. In addition negotiation with EU on Voluntary Partnership Agreement of FLEGT is also going on.</p> <p>9.7: land/forest use map in 2015 is completed.</p> <p>9.9: REDD+ readiness preparation is on-going and Emission Reduction Program Document is being drafted for the Carbon Fund of Forest Carbon Partnership Facility administered by WB.</p>	
<p>Sub-Sector Working Group on Rural Development (RD)</p>	<p>SSWG-RD is just now coming operational.</p>	
<p>Policy Think Tank</p>	<p>The PTT conducted evidence-based research in partnership with various agencies and institutions to inform decision-making and provide policy recommendations on issues related to several outcome areas:</p> <p>-4.02/4.03: Commercial banana plantations and contract farming</p> <p>-4.04: NTFPs: sustainable benzoin</p>	<p>Efforts and assistance need to be pulled for supporting a smooth function of the improved organizational structure.</p> <p>Coordination mechanism should be agreed among the identified three layers of evidence-based policy formulation process.</p>

Sector outputs and activities	Progress	Challenges and opportunities
Other substantive actions/activities		
Sub-Sector Working Group on Forestry (F)	Parallel preparation of NRS, REL for UNFCCC and ERPD maintains consistency and more efficient than separate preparation. Through preparation and implementation of NRS and ERPD/PRAP, human and institutional capacity development for sustainable forest management. Possible results based payment: Carbon Fund; up to \$ 40 M, UNFCCC/GCF; ?	Very tight schedule together with Ministerial restructuring and Forest Law revision Many activities are cross-sectoral from land use planning to agriculture and mining and need good coordination Limited financial resources for implementation of NRS and ERPD/PRAPs Scaling-up to the whole country
Policy Think Tank	Structure of the evidence-based policy formulation process has been improved and streamlined in the MAF's structure. Mandate and responsibility have been clearly identified as part of the MAF's revised organizational structure especially the mandate and functions of the new Department of Policy and Legal Affairs and Policy Research Center at NAFRI.	Limited or lack of qualified and experienced researchers to respond to needs for policy research on various topics. Strengthening researchers network is key to achieved objective of evidence-based policy formulation process. However, developing research network with other research institutes and development projects is key to help moving the policy research agenda.
B. Communication and outreach activities with the sector and across Sector Working Groups		
1.1 Sector Working Group	The SWG-ARD uses the following shared folder to disseminate agendas, minutes, and presentations for its general meetings: https://drive.google.com/drive/folders/0BzTaYIoitEIHdWtBdzg1UFhtZ2c	The SWG is in negotiations with several service providers for redesign and hosting of the sector web site. Costs at the preferred hosting service became prohibitive and performance was inconsistent.
1.2 Sub-Sector Working Group on Agro-biodiversity (ABD)	The SSWG is developing a concept for a Lao Agro-biodiversity Portal to highlight the importance of this area for sustainable development of Lao PDR.	The Portal will become an asset for the entire agricultural community, to access information and share knowledge and experiences.
1.3 Sub-Sector Working Group on Farmers and Agribusiness	The SSWG continues to provide the biggest online information services for development workers in Laos: Lao FAB (with 4,444 members and 2,972 documents), and Lao44 (Lao	N/A

Sector outputs and activities	Progress	Challenges and opportunities
(FAB)	Language).	
1.4 Sub-Sector Working Group on Forestry (F)	FSSWG meetings are open and private sector and CSOs participate. FSSWG has been an important GOL-DP consultation forum on important REDD+ issues including REDD+ readiness and FCPF process	Forestry sector is very diverse and difficult to cover its all sub-sectors in meetings. Lao REDD+ web-site is under construction
1.5 Sub-Sector Working Group on Rural Development (RD)	The SSSWG is just now becoming active.	
1.9 Policy Think Tank	As an output of the policy research, research findings report, synthesis and policy briefs were published and disseminated to stakeholders. NAFRI's library is well known among university students to access information on agriculture and forestry sector.	MAF's websites including NAFRI and SWGARD are considered an important platform for information and knowledge sharing. Furthermore, all publications should shared with NUoL and colleges
C. Partnership for Effective Development Cooperation (in accordance to VDCAP 2016-2025) (Narrative on each principles)		
1. Greater aligning and tailoring development finance to the national development agenda and context through results-based planning practices.	The Focus Areas developed under the Roundtable Mechanism were adopted by the SWG-ARD from January 2017, and are now used systematically to structure planning and reporting. All development partners now recognize these results areas as being priorities for the Government, in relation to the NSEDP and other sectoral strategies and plans.	There is room for improvement in the process of alignment of development support, subject to the further engagement of Government agencies and Development Partners.
5. Adopting Programme-Based Approaches (PBAs) and Sector Wide Approaches (SWAp) to support the	The most recent Programme-based approach to have been adopted in the ARD Sector was the Northern Upland Development Programme (NUDP), which closed in March 2016. The continuation of the NUDP has been financed by only one Development Partner. No SWAp has been adopted in the ARD	There are no prospects for adoption of PBAs or SWAp in the ARD sector.

Sector outputs and activities	Progress	Challenges and opportunities
implementation of the NSEDPs including SDGs	sector.	
6. Under Government leadership, providers of development cooperation coordinate their strategies and actions, simplify procedures vis-à-vis the Government and enhance collaboration to avoid duplication.	Development partners have been designing and structuring their support to address priorities identified by the Government agencies in the sector, and the SWG-ARD process has fostered synergies between their programmes where appropriate.	Systematic gathering of intelligence on future programming of development partners will be difficult to implement.
8. Evolution of the Round Table Process - moving towards greater partnership for effective development cooperation	The SWG-ARD has fostered an approach that promotes policy dialogue on a wide range of strategic questions and challenges arising around development programming in the sector, stimulated by evidence gathered from specific studies and ongoing priority programmes supported by development partners.	This approach can be further developed to develop even closer links between the policy debate and programming challenges.
13. Improving understanding on the nature and modalities of south-south cooperation partners and their significant participation in development cooperation management through a clear coordination and reporting mechanism	There are many examples of South-South collaboration with ASEAN and regional partners in the ARD Sector, with many such links also fostered by international development organizations in tripartite partnerships.	SSC linkages could be monitored periodically in a more systematic way if that was felt to be valuable.
14. Improving engagement of	There has been no organized or structured approach to increase the	A more structured process of engaging private sector

Sector outputs and activities	Progress	Challenges and opportunities
<p>private sector in national and provincial development planning and coordination, including the implementation, reporting and oversight of development results and outcomes through a proper analytical framework/mechanism.</p>	<p>engagement of private sector stakeholders in the SWG-ARD process, although many such stakeholders do participate actively.</p>	<p>stakeholders in the SWG-ARD could be explored, with the assistance of the LMCCI, starting with an informal consultation to explore opportunities and areas of potential mutual interest.</p>

RTM Focus Areas to be addressed by SWG-ARD

Follow-up Number	Activity Name	Comment	SWG-ARD	SSWG-FAB	SSWG-F	SSWG-ABD	SSWG-RD
FOCUS AREA I: Macroeconomic Management and Inclusive and Sustainable Growth							
4	Agriculture						
4.01	Modernize the agriculture sector						
4.02	Improve the agricultural productivity--improve the value of agricultural products, and inclusive benefits at all stages of the value chain.						
4.03	Ensure trade expansion in agriculture products and develop agricultural value chains, contract farming and inter-professional organizations (such as for the coffee sector)						
4.04	Promote agro-ecological practices (at national and regional level) such as organic farming, conservation agriculture and agro-forestry						
4.05	Ensure a better linking the sector to climate change resilience						
4.06	Ensure Land Tenure Security	Led by SWG-NRE					
5	Increased Investments to the Priority Sectors						
5.02	Enhanced productive capacities in rural areas through support for agriculture development and rural infrastructure						
5.03	Accelerate infrastructure development, budget for and carry out periodic						

	maintenance						
FOCUS AREA II: Social Sector and Human Development							
7	Food and Nutrition Security						
7.01	Improve coordination, structure and enhance capacity of Food and Nutrition Security Secretariat at both central and local levels						
7.03	Enhance delivery and quality through extension of FNS activities to provinces, districts, and communities						
7.06	Develop a concept note on how to link FNS to climate change and forest coverage and strengthen DDMCC in its capacity to implement climate change mitigation / adaptation programs						
7.07	Enhance structure and integrate FNS in sub-national level [mapping, P/D nutrition committees, district planning]						
7.08	Clarify the place of FNS in all SWGs (i.e., mainstreaming FNS into SWGs)						
7.09	Consider food accessibility and consumption in addition to availability						
7.10	Better consider the impact of infrastructures on MDG1-poverty reduction						
7.11	Involve private sector for the implementation of the FNS convergent action plan						
7.12	Create FNS M&E framework that builds on existing structures at national and sub-national levels						

7.13*	Apply the convergent approach centrally and sub-nationally to addressing malnutrition: planning, funding, programming, monitoring, evaluation, and reporting. (Includes integration with private sector where appropriate)						
7.14*	Improve data management and analysis to inform central and sub-national policy, programming, targeting, planning, and feed into multi-sectoral behaviour change programs						
7.17*	Build evidence and understanding to better apply the convergent approach to addressing malnutrition, including learning from civil society experience.						
FOCUS AREA III: Green Growth, environmental sustainability, climate change, and disaster management							
9 Green growth, climate change, and disaster preparedness							
9.1	Complete the forest law and its regulations						
9.2	Improve enforcement of policies against illegal use of natural resources and wildlife trafficking						
9.6	Conduct a survey for data collection, land allocation, zoning, and land classification	Led by SWG-NRE					
9.7	Develop geographical map and master plan for managing, protecting, developing, and using land and natural resources	Led by SWG-NRE					
9.8*	Pursue green growth, through clean agriculture, locally adapted, with multi-sector engagement and partnerships with private sector actors	MPI is focal point					

9.9*	Support climate resilience, apply multi-sector approaches, engage private sector actors, maximize efficiency, include REDD+, National Determined Contribution and the Paris Agreement.	Led by SWG-NRE	Grey, light: suggested area of responsibility for SSWG	Grey, light: suggested area of responsibility for SSWG	Grey, light: suggested area of responsibility for SSWG	Grey, light: suggested area of responsibility for SSWG	Grey, light: suggested area of responsibility for SSWG
Key	Orange: existing follow-up action		Grey, light: suggested area of responsibility for SSWG				
	Green: new follow-up action		Grey, dark: Only SWG responsible				

Education (ESWG)

Name of Sector Working Group: Education Sector Working Group

Chair of SWG: Minister of Education and Sports

Co-Chairs of SWG:

1. MR. John Williams, Australian Ambassador to Lao PDR
2. Mr Léon Paul Faber European Union Ambassador to Lao PDR

SWG Secretariat Focal Points:

Government Officials:

1. Dr. Bounphanh Xaymountry, Director General, Department of Planning, Ministry of Education and Sports

Development Partners:

1. Ms. Clemency Oliphant, First Secretary, Australian Embassy to Lao PDR
2. Mr. Bryan Fornari, Head of Cooperation, Delegation of the European Union to Lao PDR

Technical Supporting Staff:

Government Officials:

1. Mr. Anoupheng Keovongsa, Director of Project Management Division
2. Mr. Souksamone Xaphouvong, Technical Official, Project Management Division
3. Ms. Vanhseng Phommathep, Technical Official, Project Management Division

Development partners:

1. Ms. Chindavanh Vongsaly, Education Program Officer
2. Ms. Davone Bounpheng, Program Manager, Australian Embassy
3. Ms. Moukdavanh Sysouphanthavong, Policy and Operations Coordinator, BEQUAL

SWG key mandate:

- Promote development of the Education Sector through implementation of the ESDP 2016-20, with attention to gender equality;
- Provide a mechanism for government and development partners to engage in planning and prioritization, resulting in the production of an Annual Costed Sector Plan, based on the ESDP 2016-20, and aligned with GoL planning and budget cycles.
- Mobilise and encourage the efficient use of combined GoL and external resources and increase the transparency and predictability of Development Partner assistance within the sector.
- Support the achievement of specific aid effectiveness milestones as set out in the VDCAP II.

I. Overall progress towards sectoral outcomes and results

The education sector's overarching and specific goals are set out in the Education Sector Development Plan (ESDP) 2016-2020 which guides the development and investment in the education sector. The plan was developed in consultation with and endorsed by the ESWG members. This sectoral progress report is framed under the special foci for dialogue: graduation out of Least Developed Countries status (LDCs) and Sustainable Development Goals (SDG) integration and investment in skills for human development. The last section of the paper provides an update on the progress of implementation of the 2016 RTM follow up points of action: nutrition and food security (FSN) are also discussed. The government of Lao PDR highly prioritises the Education and Sports Sector, which is placed at the centre for human resource development to produce the quantity and quality of manpower to meet the needs and demands of the Lao labour market. The results and outcomes of the implementation of the ESDP will contribute to the successful implementation of the 8th National Socio-Economic Development Plan (NSED) 2016-20. 2017 marks the second year's implementation of the ESDP 2016-2020 and as required, the Mid Term Review (MTR) for the implementation of the ESDP 2016-2020 will be conducted in 2018. The outcomes of the MTR for the ESDP conducted in 2018 will reshape the objectives, targets, focused areas and investment for the next two years of implementation of ESDP 2016-2020.

The annual education development plan 2016-17 aims at expanding pre-school classes for (children age of 3-5 years old) especially pre-primary classes (children age of 5 years old), increasing quality education and access in primary and secondary education, quality improvement of teacher training, integrating and competing with countries in the region and public and private partnership development.

In conjunction with Ministry of Education and Sports (MoES) organizational and personnel restructuring, the terms of references of the ESWG at all levels are being revised. The main objective of a review of the ToRs for Focal Groups (FG 1-5)/Technical Working Groups (TWGs) is to ensure a sufficient level of functionality and efficiency of FGs/TWGs is met in support for the successful implementation of the ESDP 2016-20 through the ESWG coordinating mechanism as chaired by MoES and co-chaired by the Australian Embassy and the European Union. Furthermore, in response to technical needs, the TVET TWG and TWG for Lao Language Instruction for Grade 1-3 have been established under the ESWG mechanism.

1.1. Brief update on the progress of the integration of SDGs to the ESDP 2016-2020.

Lao PDR adopted the global Sustainable Development Goals at the Sustainable Development Summit in New York in September 2015. **SDG 4: “Ensure inclusive and equitable quality education and promote life-long learning opportunities for all”** is directly related and implemented by the education and sports sector. MOES in coordination with UNESCO as the lead regional coordinating agency of SDGs held a number of consultation meetings on identifying SDG 4 indicators, which will be integrated to the ESDP 2016-20. Some SDG 4 indicators will be delivered by 2030 that are beyond the implementation of the ESDP 2016-2020. The ESDP will be subject to a Mid-Term Review in early 2018, where the key indicators of ESDP will be revised to incorporate SDG 4 indicators as well as the indicators tracking the sub-national performance.

Alignment of SDG4 targets and measures with the expected outcomes of the ESDP 2016-2020

SDG 4 Targets:

- SDG4-target1 is aligned with expected outcome 1 and 2 of the ESDP
- Target 2 is aligned with expected outcome 1
- Target 3 is aligned with expected outcome 5 and 7
- Target 7.b relates to information, communication and technology, currently MoES is promoting and integrates IT in the secondary education curriculum and is proposing the E- Learning project proposal 2.
- Target 5 is aligned with expected outcomes 1, 4, 8 and 9;
- Target 6 is aligned with expected outcomes 6; and
- Target 7 is involved by a large number of stakeholders. For the part that is related to education, MoES will integrate the target to the ESDP's midterm review in 2018.

SDG4 Measures:

- Measure 1 is aligned with the ESDP's expected outcome 8;
- Measure 2 is aligned with the policy to increase scholarships for children from disadvantaged families and well performed students to continue their studies;
- Measure 3 is aligned with expected outcome 1 and 2.

13 SDG4 indicators will be incorporated into the ESDP in 2018 that are as follows: gross intake ratio to the last grade of primary education; gross intake ratio to the last grade of lower secondary education; gross enrolment rate of children age from 3 to 5 years old; gross enrolment of children age of 5 years old; gross enrolment rate of TVET and higher education; gender equality and equal access for all; youth and adult literacy rate of 15-24 years old or over; proportion of schools with access to basic sanitary facilities, water, sanitation and hygiene (WASH) for all; volume of official development assistance flows for scholarship by sector and types of study; Pupil/trained teacher ratio by education level; percentage of teacher who received in service training in the last 12 months by type of training.

Challenges and the way forwards: there are some indicators of SDG4 that are aligned with the indicators of the ESDP 2016-2020. A number of SDG4 indicators will be integrated into the ESDP. Furthermore, in order to fully integrate those new SDG4 indicators, a development of new tools is needed. To address the issue, the Ministry of Education and Sports will continue to consult among its line departments and Development Partners to ensure the sufficient level of alignment and harmonization of the integration process of SDGs to the ESDP 2016-2020 and to be monitored and evaluated. The results of the implementation of SDGs in the education sector will be periodically reported to the government. In order achieve the objectives of the implementation of the SDGs, the approved SDGs indicators will be disseminated among PESS and DESB officials.

1.2. Overview of the key achievements of sub-sectors contributing to the status of LDCs graduation.

Early childhood education (ECE) has been rapidly expanded across the country in recent years. The enrolment rate of children age of 3-5 years old increased over the last two years

at 43.2% in 2014-15 to 49.1% in 2015-16. In academic year 2015-16, the total number of pre-school students (children of age 3-5) was 140,079. In 2016-17, the enrolment of children age 3-5 years old increased to 155,214. The enrolment rate of pre-primary students (5 years old children) increased from 66% in 2014-15 to 70.9% in 2015-16 and increased to 74.44% in 2016-17. The enrolment rate of children age of 5 years old in pre-pre-primary rose from 46,542 enrolled in 2,264 public classes and 594 pre-primary students enrolled in 21 private classes in 2015-16 and inc 57,378 of them are children age of 5 years old. Although enrolment rate of children 5 years old increased from over the last consecutive three years, there are 32 districts with the enrolment rate of children 5 years old still under 60% in 2016-17. MoES with the support of development partners, UNICEF, Plan International, Save the Children International, and World Bank has expanded ECE across the country.

Primary education is a priority both from the government as well as from development partners. Thus, a number of interventions have been implemented at primary education level to address an issue of a low internal efficiency that is measured by repetition, dropout and survival rates. The net enrolment rate at primary education has increased from 98.5% in 2014-15 to 98.8% in 2015-16 and slightly decreased to 98.7% in 2016-17. The average drop-out rate of grade 1-5 was 5.2% in 2014-15, decreased to 4.7% in 2015-16, and to 4.4 % in 2016-17. The average repetition rate was relatively improved over the last three years at 5.8% in 2014-15, 4.8% in 2015-16 and 4.1% in 2016-17. Although grade1drop-out rate decreased slightly from 8.5% in 2014-15, to 7.2% in 2015-16 and 6.9% in 2016-17, it still remains a challenge to be addressed. Despite the improvement of these key indicators of the primary education level, the internal efficiency is still considered as relatively low according to the sector annual report 2015-16.

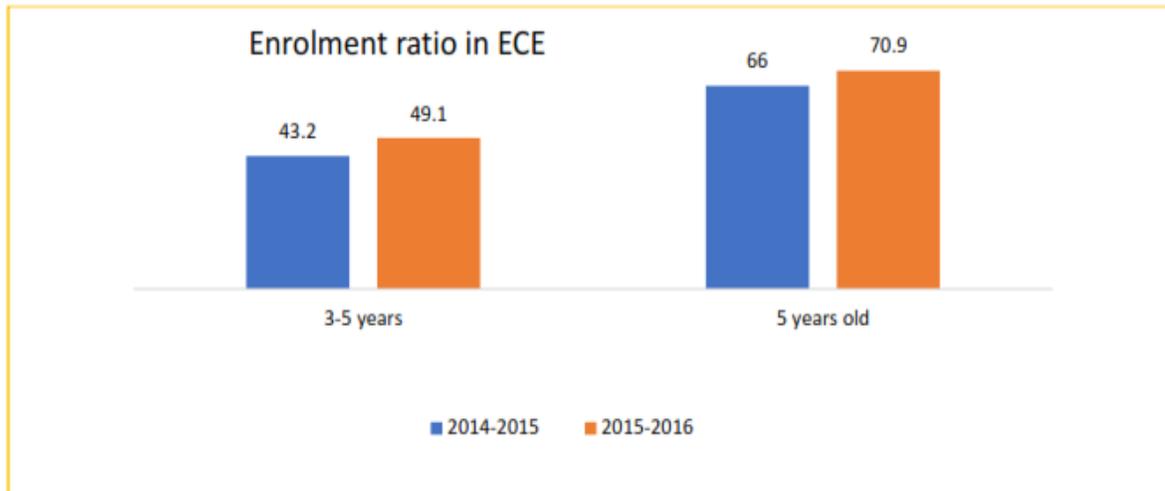
Lower secondary education is also a priority sub-sector, which is defined in the revised Education law in 2015 as part of compulsory education. 129,652 new intake students enrolled and there was a total of 452,464 lower secondary students (female: 215,526) in 2015-16. The total number of lower secondary students was 452,532 in 2016-17. Over the last three consecutive years the incremental gross enrolment rate increased from 78.1% in 2014-15 to 82.2% in 2015-16 and to 82.9% in 2016-17. Furthermore, the repetition rate of the lower secondary students remains low with 1.1% in 2015-16 and 2016-17. Despite improvement in these indicators, Grade 6 (M1) drop-out rate was very high, which was 11.5% in 2014-15, 10.3% and 10.5% in 2015-16 and in 2016-17. The average drop-out rate of Grade 6 (M1), Grade 7 (M2) and 8 (M3) was 7.7% in 2014-15 and increased to 8.1% in 2015-16 and to 8.3% in 2016-17.

Upper secondary education rapidly increased recently to accommodate the high number of lower secondary graduates. The total number of upper secondary students was 204,304 in 2015-16 and increased to 218,035 in 2016-17. The gross enrolment rate has slightly increased from 45.8% in 2014-15 to 47.8% in 2015-16 and to 51.4% in 2016-17. It is interesting to note that the southern provinces and Phongsaly have low enrolment rate. The repetition rate of the upper secondary students remains under 1% over the last four consecutive years. However, drop-out rate has increased over the last three consecutive years from 4.9%, to 5.4% and 5.8% from 2014-15 to 2016-17. MOES will do more analysis on

major causes of the increased drop-out rate to find ways to address the issue.

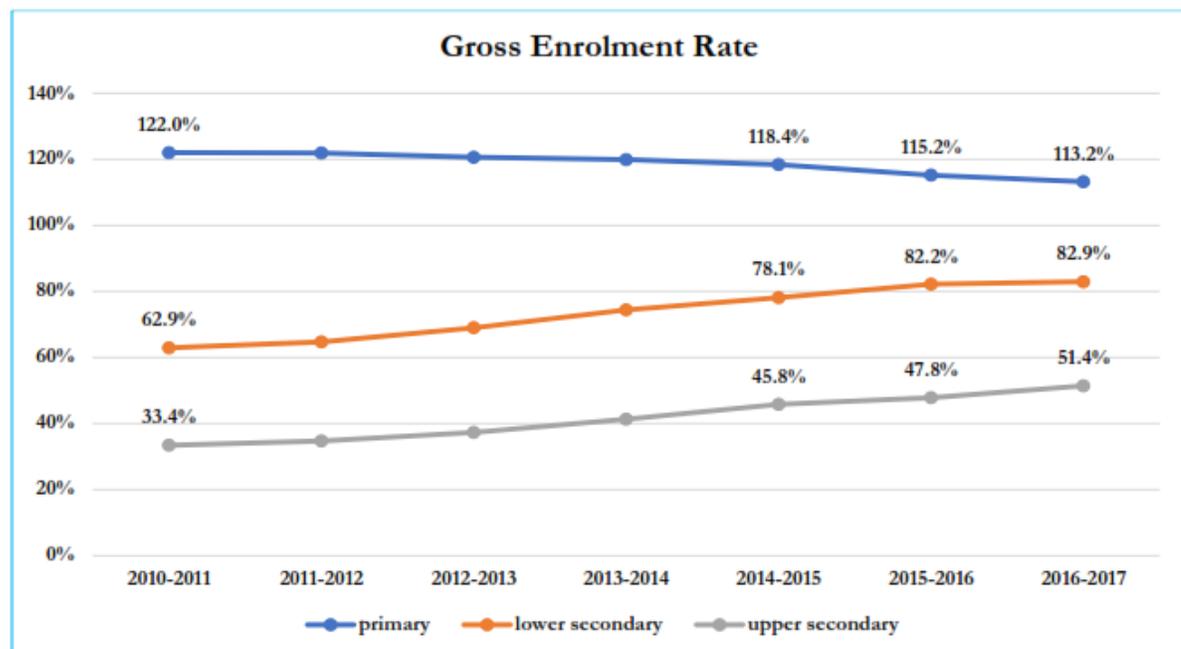
Key statistics of basic education

Graph 1



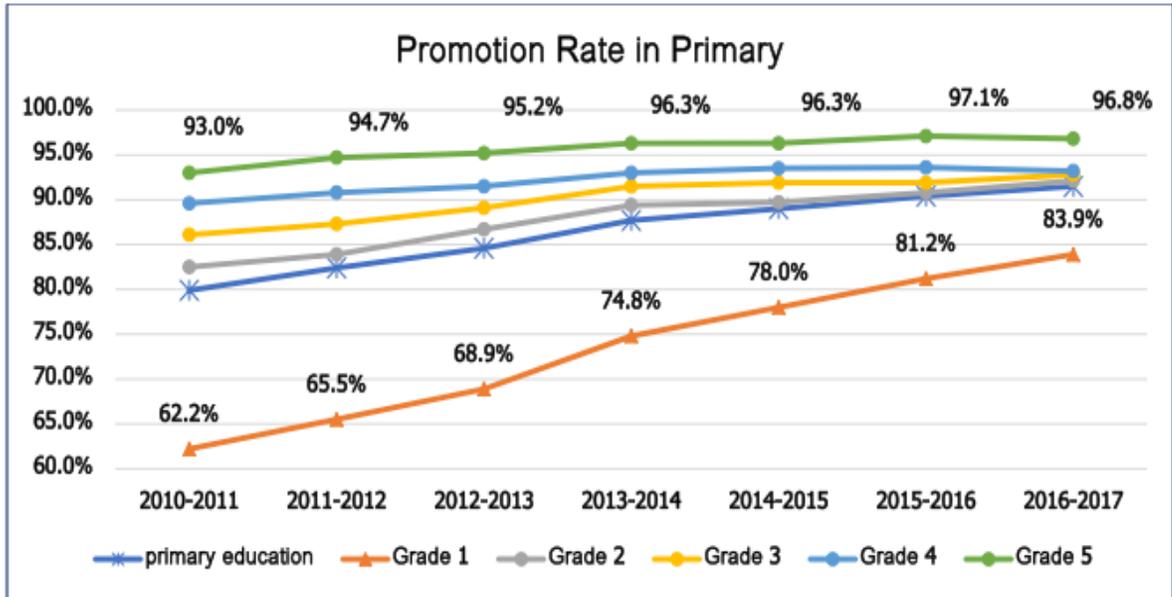
Source: Statistics Centre, MoES

Graph 2



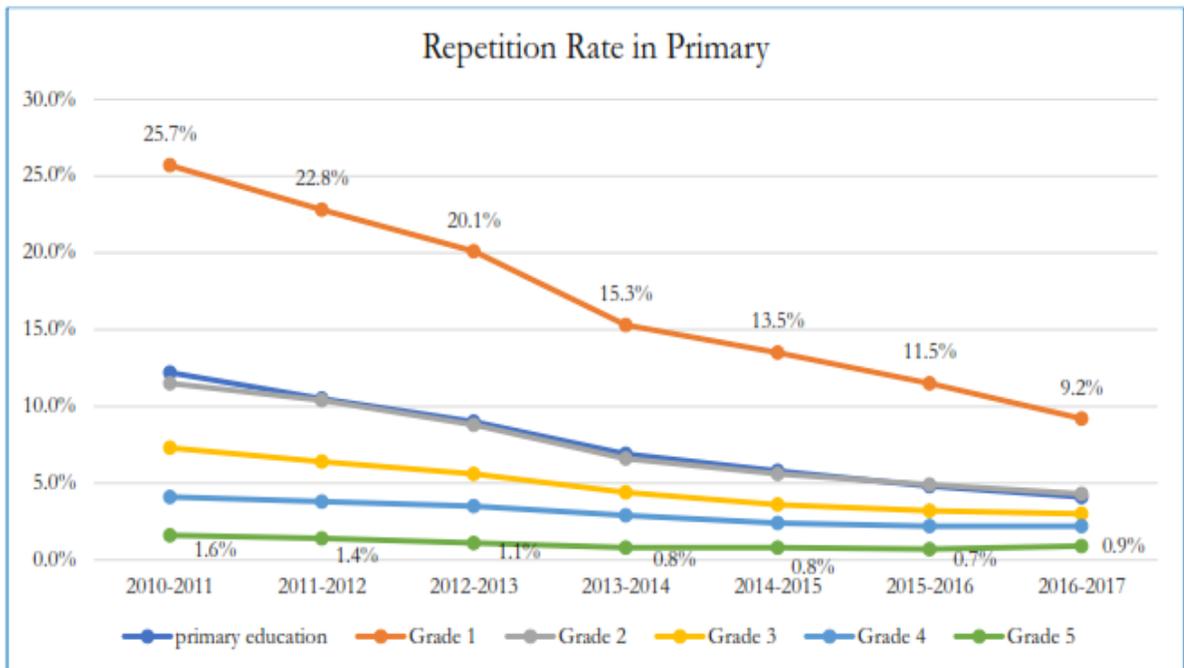
Source: Statistics Centre, MoES

Graph 3



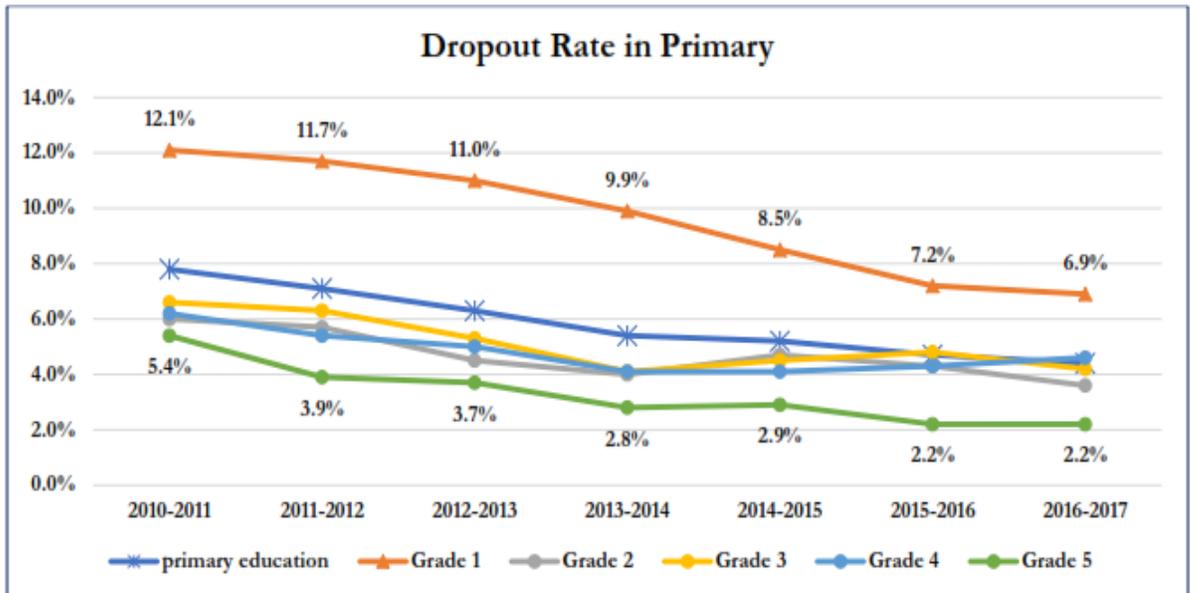
Source: Statistics Centre, MoES

Graph 4



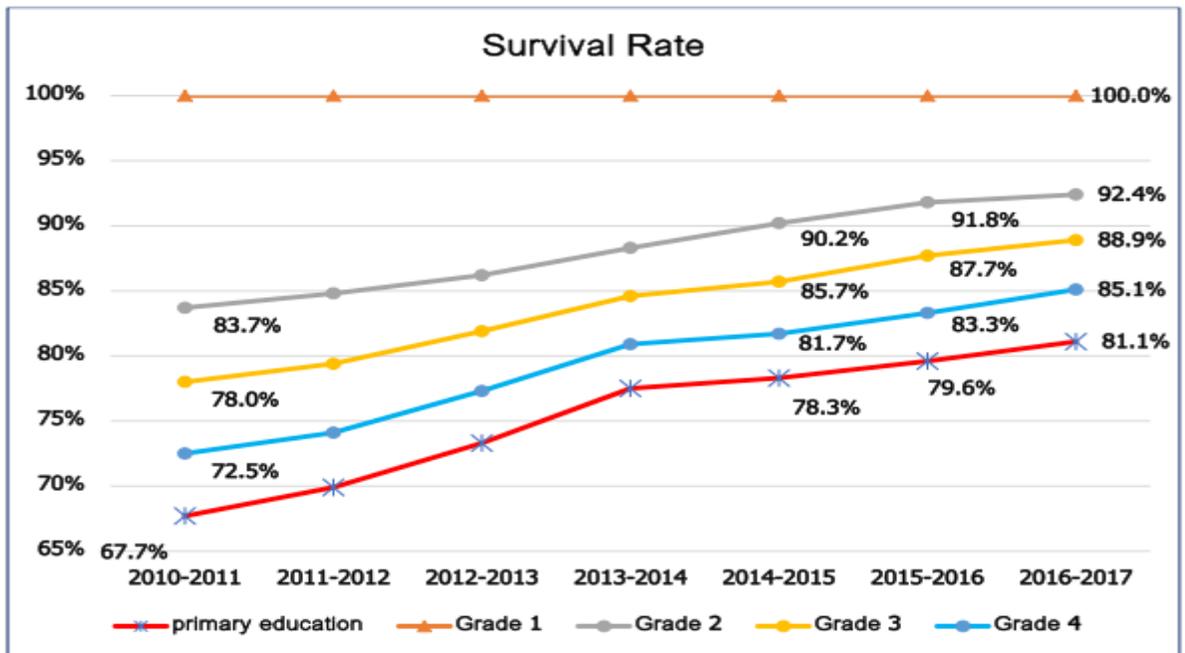
Source: Statistics Centre, MoES

Graph 5



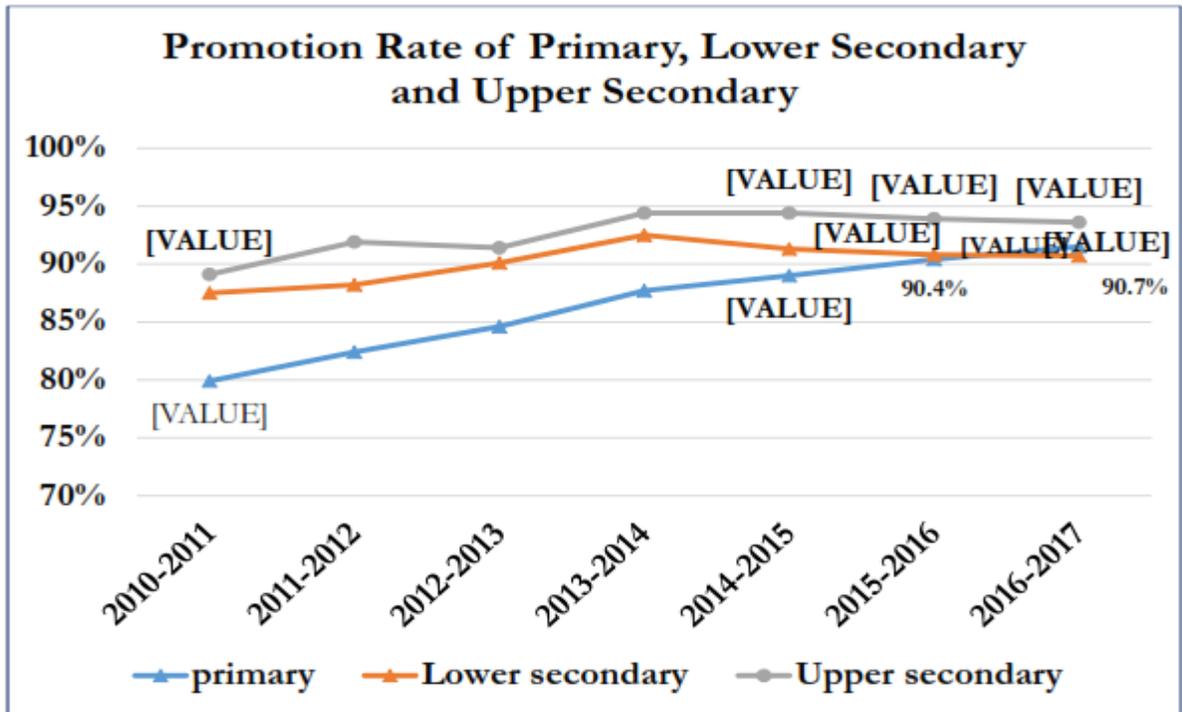
Source: Statistics Centre, MoES

Graph 6



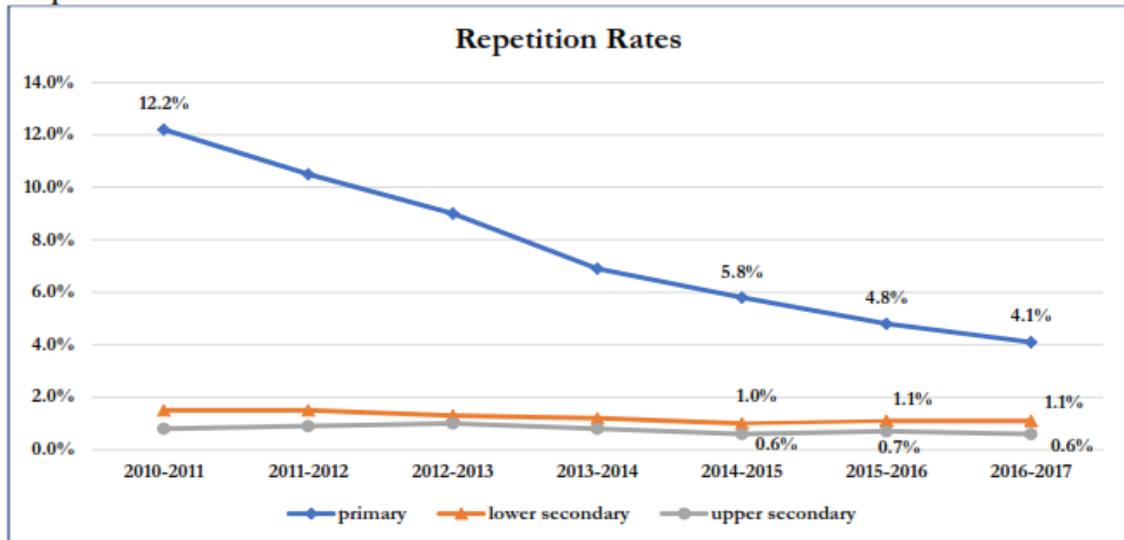
Source: Statistics Centre, MoES

Graph 7



Source: Statistics Centre, MoES

Graph 8



Source: Statistics Centre, MoES

1.3 The key sector development contributing to Investment in Skills for Human Development

The education sector is placed at the centre of national human resource development. Recently Lao PDR has adopted the National Human Resource Development Strategy (NHRDS) to 2025. The NHRDS aims for Lao PDR to develop human resources to be the main driver of sustainable socio-economic development, to be industrialized and modernised and to equip Lao youths with high skills and competence that will enable them to integrate into and compete with ASEAN and the international arena. Within the NHRDS framework, along with strategies for skills development, the strategies for social benefit and service access by Lao labourers were developed. Furthermore, investment in skills human development is directly contributing to the national human assets index, which is the criteria for LDCs graduation. In addition, the three outputs are laid out in the NSEDP 2016-20: (1) public/private labour force capacity; (2) developing entrepreneurs, technical experts and professionals; and (3) promoting and developing youth and to achieve these expected outputs, the policy frameworks including the National Human Resources Development Strategy (NHRDS) to 2025, the TVET Development Plan 2016-2020, the Higher Education Development Plan 2016-20 and other government policies and directives have been adopted to guide the development and investment in skills human development in Lao PDR.

TVET sub-sector has received high attention by the government and a number of key development partners as highly skilled TVET graduates will strengthen the national workforce and in turn will contribute to national socio-economic development. Both public and private TVET Institutes offer a wide range of vocational and technical training courses for those who have completed lower secondary school. Currently there are about 96 public and private TVET

institutes under Department of TVET across the country to accommodate students who complete their lower and upper secondary education and who wish to continue to enrol in a TVET program as a personal choice. In 2016-17, there are 63, 969 students (female: 30,794) enrolled in both public and private TVET institutes. 33,114 students (female: 14,227) enrolled in 23 public TVET institutes. 30,855 students (female: 16,567) enrolled in 73 private institutes. Throughout the implementation of TVET education development plan 2016-17, key achievements of the development of TVET sub-sector include construction of school building and improvement of facilities; provision of equipment to public TVET institutes; completion of TVET Database improvement provided to 44 public and private institutes; completion of curriculum developments and strengthening in service TVET teachers (*see key detailed activities on page 22-27.*) In addition, to increase TVET new intake students, a promotion of TVET campaign has been done through a number of communication channels including posters, newspaper add, radio and TV add and website. Despite a number of efforts made to develop TVET sub-sector, the quality of TVET teaching and learning remains low and the products of TVET do not respond to the needs of the labour market. The Lao vocational education system is not yet in a position to meet the demands for socio-economic development. To develop and increase access of young citizens to TVET education that will meet the needs for the current and future labour market, key interventions supported by ADB, GIZ, KFW, Lux Development, SDC, DVV International, UNESCO and others continue to be implemented.

Higher Education Institutes offer a various number of study course programs including Diploma, Bachelor, Master and Doctoral courses. There are 99 Higher Education institutes; 28 of which are private institutes. In 2015-16, 103,238 students (female: 47,914) enrolled in both public and private higher education institutes. 66,348 students (female: 29,033) enrolled in public institutes while 36,890 (female: 18,881) studied at private institutes. There were 1,711 government scholarship recipients and 6,216 privately funded students studied at the 4 public universities: National University of Laos, Champasak, Souphanouvong and Savannakhet Universities. The key challenges faced by the Higher Education sub-sector include capacity of staff and instructors, a lack of courses on subject areas to meet the needs the national socio-economic development strategy and scientific research findings that are not well disseminated. ADB will continue its support for Higher Education.

Non-Formal Education (NFE) sub-sector is highly prioritized by the government to continue the result of the previous implementation of the education for all policy. Youth and adult education contributes to the growing workforce which is a driver of the national economic growth and also pre-requisite of the LDCs graduation. Thus, a creation of opportunity for youths and adults to access to education will help increase their literacy, numeracy and life skills that will enable them to actively engage in social and economic activities that will intern contribute to the poverty eradication. NFE subsector provides a wide range education equivalency programs to target the needs for education of the youth and adult population including out of school children and the drop-outs aged from 6-14 years old. NFE's programs include the literacy training program, the primary education equivalency program, lower secondary education equivalency

program, upper secondary education equivalency program and basic vocational training program. In 2015, Lao PDR celebrated the completion of the primary education equivalency program in 148 districts across the nation. There were 29,312 people completed the primary education equivalency program which was 97.71% of the original plan of 30,000 people. A total of 56,603 (female: 30,132) youths and adults aged 14-50 completed primary education and lower secondary education equivalency programs that increased from the original plan of 40,000 people. The completion of lower secondary education training was announced for accumulative numbers of 88 districts in 2016. In addition, 2,089 (Female: 573) graduated from the upper education training program which covered 86.49% of the plan of 3,000 people. Furthermore, in coordination with and support of development partners, NFE subsector has developed a concept of Life Long Learning (LLL) and has successfully obtained the Prime Minister Decree on LLL. However, there are issues to be addressed including ineffective operation and function of the NFE centres at provincial and district level, a shortage of budget, low experienced teachers and insufficient supplies of learning and teaching materials. NFE has been supported by development partners including DVV International, UNESCO, UNFPA, Village Focus International and IV-Japan.

1.4 Education Financing

To ensure that the overarching goal, specific goals, targets and focus areas of the education and sports sector will be met, public investment needs to reach the sector budget requirement of 18% of the national budget allocation identified in the education law. However, due to the recent economic hardship, the government was not able to fulfil the requirement of 18% of the national budget allocation for the education and sports sector. In 2016-17, the approved education budget allocation was Lak 4,002.10 billion equivalent to USD 488.06 billion (Lak 8,200 per USD1). The approved education budget share was 13.29% of the total government expenditure. The education budget allocations are as follows: 61.6% for recurrent budget (wages and allowances, fuel and others). 11.79 % is for operating cost and equipment, and only 4.51% is for investment. Although the education budget received for 2016-17 was less than that received in 2015-16, it is still over Lak 4,000 billion kip. There are some challenges. Based on the state budget law, any reallocation of unspent amount of an expenditure category to another is not allowed (in case of unspent amount, particularly in chapters 60 and 61). The budget allocation is not aligned with the priorities of the education sector development, such as for teacher trainings, principal trainings and Pedagogical Advisor support.

In addressing the challenges, the Planning and Budgeting Committee that has recently been established will work intensely together under their terms of reference to allocate the budget that will be aligned with priorities and policies of the education sector for 2018. The Planning and Budgeting Committee in collaboration with development partners will develop a calculation formula for budget allocation for DESBs. Budget allocation provided to line departments need to be aligned with their policies and priorities. The Planning and Budgeting Committee will monitor and review budget proposals of each organization to determine if they are aligned with

their policies and priorities prior to incorporating these into the budget proposal for the MoES budget plan.

Table 1: Financing requirements for ESDP 2016-20 (in bln kip)

	2014/15 (revised)	2015/16 (Approved)	2016/17 (Approved)	2017/18 (projected)	2018/19 (projected)	2019/20 (projected)
Total education budget	3,714.50	4,023.54	4,002.10	4,969.86	5,322.76	5,517.09
Wage (incl. family/petrol allowances)	2,559.65	2,623.46	2,763.94	2,810.16	2,984.69	3,116.87
Non-Wage Recurrent	437.56	472.33	480.69	1,057.15	1,083.84	1,141.59
Investment	717,285(*)	927,744.89 (*)	757.47	1,102.53	1,254.22	1,258.62

(*) includes ODA

Source: MoES Dept. of Planning (based on Planning Model)

Table 2: Sub-sector shares of the financing requirements (%)

	2015/16	2016/17	2017/18	2018/19	2019/20
ECED	8.5	8.6	9.6	10.1	11.0
Primary	36.2	33.2	32.7	30.8	30.4
Lower secondary	21.5	22.0	21.7	22.0	21.6
Upper secondary	10.6	11.7	12.1	12.6	12.2
TVET	3.6	3.9	4.0	4.2	4.2
Teacher Education (pre-service)	2.5	2.1	2.0	1.9	1.9
Higher Education	5.1	6.1	5.8	5.8	5.7
Non-Formal Education	1.1	1.0	0.9	1.0	1.0
Management	9.9	9.6	9.7	10.3	10.2
Sports	1.0	1.9	1.4	1.3	1.8

Source: MoES Dept. of Planning (based on Planning Model)

Table 3: Approved Education Budgets (in bln kip)

Type of Expenditure	Education budget 2015/2016	Education budget 2016/2017	% increase/ decreas
Total approved education	4,023.55	4,002.10	-1%
Wages	2,326.78	2,466.49	6%
Allowance	296.69	297.45	0%
Operating cost and equipment	323.04	330.23	2%
Subsidies	149.30	150.46	1%
Investment	927.74	757.47	-18%
ODA	604.55	510.85	-15%
Domestic	323.19	246.62	-24%

Source: MoES Dept. of Planning (based on Planning Model)

II. Overview of sector performance in 2017

Sector outputs and activities	Progress	Challenges and opportunities
A. LDC graduation and integration of SDGs and investment in skills for human development		
<p>1.1. Activities contributing to increasing quality education and access in basic education (Early Child Education, Primary Education, Secondary Education):</p> <p>1. Increase access and participation.</p>	<p>ECE project funded by the World Bank completed the construction of 250 pre-primary classrooms including WASH facilities, which are attached to existing 200 primary schools.</p> <ul style="list-style-type: none"> - Completed the construction of shelters for Community Child Development Groups for 3 and 4 years old children in the total 73 villages. <p>UNICEF supported 18 community-based ECE centres in remote and disadvantaged villages. Another 30 community-based ECE centres are opened for 2017/2018 school year, including those in non-Lao speaking villages, benefiting a total of 1,200 pre-primary aged children. UNICEF also supported developing a national 5-year costed action plan for ECE (2018-2022) based on ESDP, as well as drafting a national ECE Quality Standards.</p> <p>UNICEF is supporting Government and development partners to implement a pre-primary and primary school improvement initiative in four (2016/2017) and six (2017/2018) educationally disadvantaged districts. UNICEF supported capacity building of Pedagogical Advisors in those districts and their school outreach for coaching and mentoring to primary teachers. Approximately, 1,000 primary teachers received in-service professional support through UNICEF's support by attending a training workshop and through district pedagogical supervision outreach, benefitting about 20,000 students (boys: 10,675; girls: 9,325). UNICEF also supported WASH in Schools in pre-primary and primary schools, both with</p>	<ul style="list-style-type: none"> - Because most project papers are in English, the project implementers have difficulties understanding the objective of the project clearly. - Delays of submission of the project financial reports because staff members have high workload and received short period financial training and have to perform finance tasks. This leads to delay in process of the project's replenishment.

Sector outputs and activities	Progress	Challenges and opportunities
	<p>construction of WASH facilities (gender and disability-responsive toilets and hand washing stations) as well as promotion of hygiene education. In addition, more than 100 pre-primary school teachers received in-service teacher training.</p> <p>In partnership with the Lao Government, Australian Government, UNICEF supported printing and distribution of a set of primary grades 3-5 textbooks to all 447,256 grade 3, 4 and 5 students (230,156 girls) in accordance to the national standard of one textbook per student per subject. Appropriate textbook care and utilisation was promoted through a wide range of communication channels, including posters, and TV and radio spots. UNICEF also supported in strengthening monitoring and tracking system of the distributed textbooks.</p> <p>-BEQUAL-NGO Consortium has successfully implemented activities in 171 schools and communities benefiting more than 19,000 children and generating evidence about effective approaches to improving participation. Four innovative activities under BEQUAL Education Innovative Fund (BEIF), namely increasing transition to secondary school through summer camp experience for ethnic girls, including parents in activities; Primary School Edutainment Film Animation Project, Enhancing Capacity of PESS and DESB and Primary School Principals on Education Management and Improving of Teaching Lao for Lao and Ethnic Speaking Children in Primary Schools have produced promising results that are providing new options for MoES to consider for addressing learning and school leadership.</p> <p>-ADB funded SESDP provided stipends to 1,618 1 (female: 880) lower secondary students and 1,107 (female: 562) upper secondary students in</p>	<p>-Delays of Funds transferred from central to schools.</p>

Sector outputs and activities	Progress	Challenges and opportunities
	<p>the second semester of the academic year 2016-17.</p> <p>-JICA funded project for improving Secondary School Environment in Southern Province completed 44 schools construction in Salavan, Sekong and Attapeu provinces in August 2017. A total of 250 schools are constructed by JICA support since 2008.</p> <p>- In October 2017, JICA signed a grant agreement for the Project for Improving Secondary School Environment in the central and Southern Provinces. The project will expand and rebuild 37 secondary schools in Champasak, Khammouane, Salavan, Savannakhet provinces.</p> <p>-ECE project has supported pre-service training of 200 pre- primary school teachers as the government policy to extend opportunity to children aged 3-5 to access to ECE sub-sector.</p> <p>- In-service trainings of 26 central and provincial ToTs on community child development groups.</p> <p>- ECE project completed Multi-Age teacher trainings of 62 targeted villages.</p>	<p>- 200 newly graduates have now completed the TTC course and are awaiting to be recruited and deployed.</p>
<p>2. Teacher Training related activities</p>	<p>-BEQUAL program, key activities as part of a holistic approach to improve teacher education are as follows:</p> <p>-A revised curriculum structure was agreed upon for the 9+3, 12+2 and 12+4 primary pre-service curriculum. This structure is more closely aligned with the revised primary curriculum and streamlines the 3 curricula with a common 2 years, thereby reducing the demands on human, financial and material resources.</p> <p>-16 curriculum development teams were formed consisting of 72 writers for developing the revised primary pre-services teacher education curriculum. These writers developed the scope and sequence for the new curriculum.</p> <p>-The Lao Primary Teaching Standards were completed. These are being used to guide the</p>	

Sector outputs and activities	Progress	Challenges and opportunities
	<p>development of the new pre-service curricula.</p> <ul style="list-style-type: none"> -The TTC Professional Development Program for primary teacher educators was designed, a Facilitation Skills workshop conducted in February for 54 Key Trainers from 8 TTCs and the first Training of Trainers workshops for 54 Key Trainers conducted in August. -214 ethnic teacher trainees completed Year 2 of their 9+3 program and commenced their 3rd and final year. -150 ethnic teacher trainees completed year 1 of their 9+3 program and commenced Year 2. -22 Masters scholars from 8 TTCs commenced Year 2 of their weekend distance course in March. -18 Masters scholars from 8 TTCs commenced Year 1 of their weekend distance course in March. -5 PhD scholars from 4 TTCs were selected to undertake doctoral studies at Khone Khaen University in 2018. -A Training Needs Assessment for the Primary Teacher In-service Program was conducted in 10 districts from 5 provinces. -Several workshops and consultations have been conducted in order to develop the Primary Teacher In-service Program and the PA Upgrading Program. However, these activities have been temporarily stalled while the MOES awaits the findings of the Mid Term Review. <p>-JICA/iTEAM is closely working with DTE and other development partner to enhance Mathematic PRESET and INSET.</p> <p>JICA/iTEAM conducted training in Japan in July 2017 for 15 from DTE and TTC. The training aims to understand problem-solving style math lessons, teacher education in Japan (including Lesson Study and multi-grade schools) and regional initiatives for improving student learning achievement.</p> <ul style="list-style-type: none"> - JICA/iTEAM supported DTE to host 	

Sector outputs and activities	Progress	Challenges and opportunities
	<p>international training program on Lesson Study in Savannakhet TTC and Pakse TTC in September 2017. 8 TTC made poster presentation on Lesson Study Implementation of each TTC.</p> <ul style="list-style-type: none"> - JICA Volunteers (JOCV) are dispatched in 6 TTCs. One of the volunteer developed a poster to educate TTC students not to cheat during exam. The poster was disseminated to all educational institutions by DTE and posted on each classroom. -The mechanism for providing targeted district-level operating funds (the DOGs) was piloted and found to be generally robust and a basis for future district-level support. 	
<p>3. Resource allocation for DESBs and Schools</p>	<ul style="list-style-type: none"> - The School Block Grants (SBGs) are funded by the government to all public schools nationwide and recently GPE II has increased its funding to top up the SBGs to achieve LAK 100,000 per a student per year. In the first phase 2017-18 and 2018-19, all public schools, especially kindergartens, pre- primary and primary levels, under the project coverage of 88 educationally disadvantaged districts will receive the supplementary amount from GPII project. In the second phase of the implementation of SBGs, all districts across the country will receive the top up amount from GPE II together the government SBGs in 2019-20. To achieve the key objective of the implement of SBGs as aiming to improve learning outcome of students, 60% share of SBGs will be spent on teaching and learning materials. 	
<p>4. Assessment and Evaluation of Learning Outcomes</p>	<ul style="list-style-type: none"> -In 2016–17 BEQUAL supported RIES to revise, pilot and successfully implement a national Assessment of Learning Outcomes (ASLO) for Grade 3. This was the fourth national ASLO implemented by RIES since 2006 and the second ASLO for Grade 3. Use of national, large-scale tests to monitor education quality levels is one of the 	

Sector outputs and activities	Progress	Challenges and opportunities
	<p>indicators of education sector quality.</p> <p>The ASLO Grade 3 (2017):</p> <p>Report writing is scheduled for November and December 2017, with early findings available to policymakers from January 2018, and dissemination to teachers and education managers likely later in 2018. Additional training and support are planned to ensure that the ASLO data are used to inform instructional practices and to provide guidance to underperforming teachers and schools.</p> <p>- Under GPE II The SABER SD instrument has been conducted, which comprise of six survey modules: (1) School Information, (2) Principal and Teacher Roster. (3) Governance, Management & Finance, (4) Classroom Observation, (5) Student Assessment and (6) Teacher Assessment. The survey will give policy makers a quick but comprehensive overview of the education system, to identify the breakdowns in quality of service delivery Links gaps in policy and policy implementation to real consequences in the classroom and to provide information and accountability for the system. The Results help bridge dialogue among financiers, policy-makers and frontline service providers.</p> <p>- Furthermore, GPE II is in process the selection of a consulting firm to design an assessment of EGRA for grade1 and 2.</p> <p>With UNICEF's support, a field trial of SEA-PLM (South East Asia Primary Learning Metrics) has been completed, targeting grade 5 (reading and writing, mathematics and global citizenship).</p> <p>-In coordination with and support of UNICEF, the national school readiness competencies (SRC) and based on which the national pre-school curriculum and teachers' guidebooks have been revised. Furthermore, a new ECD television series called 'My Village' has been developed and aired.</p>	

Sector outputs and activities	Progress	Challenges and opportunities
<p>5. Improving curriculum.</p>	<p>-Through the BEQUAL program, the design and the trials of grade 1 textbooks and teacher guides of primary curriculum were completed in 2017. Grade 1 materials are being revised and will be printed for distribution to all schools across the nation. Grade 2 textbooks and teacher guides are currently being trailed.</p> <p>-JICA supports the on-going development and trial of grade 1 and 2 mathematics textbooks and teacher guide.</p> <p>-SESDP is enhancing an ongoing improvement of three subject areas of secondary education.</p> <p>Key development of skills and competencies are part of a number of intervention projects and programs. 2017 capacity building related activities are as follows:</p> <p>- ECE project has finished training of 14 trainers for community based play groups.</p>	
<p>6. Capacity building and development of key skills and competencies</p>	<p>- BEQUAL funding allowed MoES to provide training activities with a total of 2,523 participants, of whom 981 were female. The range of topics for training included English Language training, ASLO, DOGs, Excel training for financial management, Training of Trainers on Community Action for Reading Promotion, Reading camps and caregiver’s awareness on reading, National TTC Curriculum framework preparation and consultation, etc.</p> <p>-The training funded through BEQUAL included both intensive, workshop-based knowledge and skills transfer (for example, one-off workshops on community-based contracting, iterative workshops on curriculum reform and teaching standards, and intensive workshops on sample design</p>	

Sector outputs and activities	Progress	Challenges and opportunities
	<p>and test development) and more extensive training for specialist knowledge (such as the MA and PhD programs) and professional competencies (such as English language and curriculum writing).</p> <p>- As part of SESDP the trainings on the use of monitoring form of Pedagogical Advisers. Training on knowledge exchange and strengthening capacity were provided to PESS, DESBs, schools and communities in southern provinces.</p>	
<p>7. Food Security and Nutrition</p> <p>The program has been implemented by Ministry of Health, Ministry of Agriculture and Forestry and the Ministry of Education and Sports. There are four key focus areas of the education sector in response to the issues of FSN: (1) the Schools Meals Program, (2) school gardening, (3) integration of school gardening and nutrition</p>	<p>1. School Meals (SM) Program</p> <p>MoES endorsed policy and strategies on school meals program toward 2025 to guide the implementation of school meals program. The government funded school meal budget of Lak 2,988,960,000 million equivalent to USD364,506.31 in 2016-17 provided for 25 ethnic boarding schools across the country and two special schools in Vientiane and Luangprabang. There are 12,454 beneficiaries (5,378 females) and 150 students at the two special schools directly benefit from this government</p> <p>-The ECE project has provided 7,185,170,200 kip, equivalent to USD 876,240.28 (1USD per 8,200 kip) to the government managed school meals program, which covers 312 schools in the 10 poorest districts of 5 provinces including Phongsaly, Oudomxay, Houaphanh, Sayaboury and Bolikhamxay. 26,436 students have benefited from the project (12,436 female students). SMs budget will be provided to schools based on the rate of 800 kip/student/meal. This program also raises awareness of nutrition and WASH.</p> <p>-A midmorning snack program and lunch program supported by World Food Program covered 1,500 schools in 32 districts of 7</p>	

Sector outputs and activities	Progress	Challenges and opportunities
<p>manual to the curriculum of the primary education level, and (4) distribution of deworming program and distribution of iron supplement.</p>	<p>provinces including Phongsaly, Oudomxay, Luangnamtha, Luangprabang, Saravanh, Xekong and Attapeu. 140,000 students directly benefited from the program (67,386 females) at pre-primary schools. 121,570 students (58,061 females). Furthermore, the midmorning snacks program of 506 schools were changed to the lunch program. The total value of WFP supported program is USD 48,662,272 from 2017 to 2021. WFP will provide rice, cooking oil, canned fish, lentils as well as providing vegetable seeds and agricultural tools to support school gardening. From 2017 to 2021, midmorning snack program will be shifted to the lunch program in 1,500 schools through promoting agricultural production in schools, households under the community ownership.</p> <p>-“The Learning and Engaging All in Primary School (LEAPS II)” operated by CRS covers 350 schools in 7 districts in Savannakhet province. The direct beneficiaries of LEAPS II are over 40,000 students. Under LEAPS II, USD 6,200,000 will be allocated to the school meals component. The key objective of the project is to reduce hunger and improve literacy and primary education, especially for girls. By providing school meals, teacher training, and related support, the program helps boost school enrolment and academic performance and piloting WASH.</p> <p>1. School gardening</p> <p>-In consultation with relevant ministries and development partners, the revision of the school gardening training guidance and school garden training manual was completed and endorsed on 12 July 2017. With the support of the government and development partners in 2016-17, more than 1,000 schools implement school grade and raise animals to be supplied for their school lunch.</p>	

Sector outputs and activities	Progress	Challenges and opportunities
	<p>2.Integration of school gardening and nutrition to school curriculum</p> <p>In coordination with Research Institute for Educational Sciences, the topics of school gardening and nutrition were completely integrated into the secondary school curriculum and the curriculum of the primary education level of the Teacher Training Colleges. A consultation meeting with development partners (WFP, UNICEF, UNFPA and CRS) was held and the nutrition topic integrated into 3 subjects: Lao language, mathematics and world around us.</p> <p>-The development and assessment of manuals of school gardening and nutrition for the primary school curriculum were completed. The training on school gardening and a rolling out of the primary school curriculum with an integration of school gardening and nutrition topics have been piloted in Viengthong District, Bolikhamxay Province and Viengphoulka District, Luangnamtha Province.</p> <p>3.Deworming program and distribution of iron supplement</p> <p>-Distributed deworming drugs to students at lower secondary schools across the country.</p> <p>-Annual meeting between MoH and MoES was organised to raise the awareness of tropical diseases.</p> <p>-Training on administration of deworming drugs provided to primary, secondary school principals and officials of 8 DESBs and a total of 280 people in Saravan province.</p> <p>-Training on the administration of deworming drugs provided to the primary and secondary school principals and the officials of 15 DESBs in Savannakhet province with a total of 525 participants.</p>	

Sector outputs and activities	Progress	Challenges and opportunities
<p>7. Water Sanitation and Hygiene (WASH) In order to meet the National Education Quality Standard, MoES with the support from development partners has to increase the implementation of WASH as part of school infrastructure nation-wide, which is recognized as an important intervention needed for achieving education goals and nutrition outcomes.</p>	<p>WASH program has been integrated into every key intervention projects. Key development partners for WASH are UNICEF, GIZ WHO, Plan International, Child Fund, Save the Children International, ADRA, DFAT, and EU. Currently WASH has extended to more than 400 schools across the country, benefitting over 42,000 children in Lao PDR. Two districts – Sisattanak in Vientiane and Taphabath in Bolikhamsay – are now implementing the program in all their public and private primary schools. Fit for purpose model schools have been established in all provinces of Lao PDR and serve as good practice examples for other primary schools in their district and province.</p>	<p>A monitoring and improving WASH-in-Schools needs to be strengthening. -WASH-in-schools in rural areas have poorer condition than the program in urban areas. -As the government is currently facing budget constraint, its contribution to WASH program is limited, thus external funding is the major driver of WASH program. This raises a concern for its sustainability in the long run. -Some remote areas have limited access to water so it is challenging to implement and maintain the program in those areas.</p>
<p>1.2. Activities contributing to investment in skills for human development.</p> <p>1. Increase access and participation</p>	<p>- GIZ VELA co-funded by German and Swiss Governments through its Inclusive Access Fund provides scholarships for drop-outs to attend the Certificate 1 and Certificate 2 courses. With the project support, 5,481 students (female: 2,487) enrolled to TVET institutes in 2017, 2016 and 2017 in Certificate 1 level. The drop out number is 326 students (female:115) and 4,395 students (female: 2013) were graduated from 2015 to 2017.</p> <p>-Through STVET project funded by ADB, basic infrastructures including the construction of 11 student dormitories and kitchens and 9</p>	<p>Labour market insertion of the graduates of short-term courses needs additional support measures (eg. counselling for self-employment, seed capital or tools, etc). External funding is the major driver of the short-courses</p>

Sector outputs and activities	Progress	Challenges and opportunities
	<p>training facilities of 8 public TVET institutes have been completed. The project has provided equipment to 9 public TVET Institutes in the 4 competency areas.</p>	
<p>2. Improvement quality and curriculum</p>	<p>-STVETP supported the development of 4 competency standards: machinery Mechanics and repairers, construction, furniture trade and basic business service and 23 skill standards.</p> <p>- Under Project Lao 029, a process of developing Tourism/Hospitality Labour Market Information Bulletins will then be initiated.</p> <p>- GIZ-VELA: key development areas are as follows: TVET Development Plan 2016-20 prepared, endorsed, disseminated and under implementation.</p> <p>-Concept and implementation frameworks for Dual Cooperative Training (DCT) and Integrated Vocational Education and Training (IVET) developed and endorsed.</p> <p>-Advisory input on TVET School Management framework, - finalization of the Handbook for Quality Assurance in TVET. Strengthening of the National Training Council: first conference took place, regulatory documents have been submitted for approval, capacity building activities have started.</p> <p>-Development and introduction of new DCT programs for 3 occupations (Automotive Mechanic, Farmer and F/B Service and Food Production Professional) in 5 supported TVET Schools/Colleges.</p> <p>-Further development of curricula for 7 DCT programs (Building Electrician, Industrial Electrician, Power Plant Electrician, A/C Technician, Electronics Technician, House Builder, Quality Controller).</p> <p>-As Lao PDR has adopted the ASEAN Qualifications Reference Framework, the Lao National Qualification Framework is being</p>	<p>The students of DCT programs have a unique opportunity to learn the practical aspects of their trade directly at the workplaces. However, in order to successfully establish the Dual Cooperative Training, the need for long-term support on the part of the donors will continue well beyond the end of the current VELA project phase.</p>

Sector outputs and activities	Progress	Challenges and opportunities
	<p>developed. This development is led by Education Quality Assurance Centre in close coordination with TVED, DoHE and with support of Development Partners.</p>	
<p>3. Teachers training and capacity building</p>	<p>With support of GIZ-VELA, capacity building provided to more than 100 vocational teachers, 16 DCT Coordinators and 60 In-Company Trainers to enable them to develop and implement the new DCT programs.</p> <p>-The TVET and IVET Institutes in total of 17 (11IVET/TVET Schools and 6 TVET Colleges) throughout the countries have cooperated with projects and implemented the Certificate 1 courses in 9 trades.</p> <p>-A modular pre- and in-service training program for TVET teachers has been piloted in four TVET schools and is now successfully being implemented by the Vocational Education Development Institute.</p> <p>Under PROJECT LAO 029 Skills for Tourism: (134 participants to date), the TVET Teacher Training Higher Diploma Program with the Vocational Education Development Institute (31 participants to date) and the ASEAN National Trainer and Assessor Program with the Institute of Mass Media, Culture and Tourism (43 participants to date). For in-service teacher training, the key initiatives were an intensive English Language Summer School (52 participants), a three-month professional internship for teachers in a 4* hotel in Thailand (13 participants), and support for teachers to take up overseas scholarships in Ireland and Luxembourg (3 participants).</p> <p>- Capacity building of the responsible personnel in the three Ministries has been undertaken. 14 people were trained in the use of Tableau software in July/August 2017. Significant data collection and verification has been undertaken to determine the supply side of the labour market in terms of graduates from tourism/hospitality education and training across a range of providers. A national tourism/hospitality enterprise employment</p>	

Sector outputs and activities	Progress	Challenges and opportunities
	<p>and skills survey is now being conducted to ascertain details on the demand side of the labour market. Raw data from the survey is expected to be available in December 2017.</p> <ul style="list-style-type: none"> -Training for Artisans (Handicraft Production) with the Traditional Arts and Ethnology Centre in Luang Prabang (12 participants) -Training for Artisans (Handicraft Production) with Ma Tae Sai Social Enterprise in Luang Prabang (8 participants) -On-the-job (internship) training with the Laos Buffalo Dairy in Luang Prabang (4 participants) -On the job (internship) training with the Traditional Arts and Ethnology Centre in Luang Prabang (3 participants) -Three-month food production (cookery) training for orphans at the Satellite Training Centre in Luang Prabang (15 participants) -Ecology for Tour Guides training with Pha Tad Ke Botanical Gardens in Luang Prabang (18 participants) -Green Horticulture for Gardeners training with Pha Tad Tae Botanical Gardens in Luang Prabang (19 participants) <p>-STVET Project will continue to strengthen TVET programs by upgrading teaching and learning environments at eight vocational colleges, and strengthening teacher competencies to deliver high-value skills training. It will also improve college management and engage private enterprises to ensure that training is tailored to local industry's needs. Poor and disadvantaged students will be provided with stipends and dormitory spaces at colleges.</p> <p>-SHEP will also support government efforts to meet demand for higher level skills, particularly in the growing manufacturing and service sectors as the country moves away from an agriculture-based economy.</p>	
<p>4. Life Long Learning policy development.</p>	<p>-DVV International supports the Implementation and Tracer Study on Mobile Skills Trainings. Up to now, around 2,500</p>	<p>Non-Formal education is relevant for the</p>

Sector outputs and activities	Progress	Challenges and opportunities
	<p>people participated. In 2017, a tracer study, implemented by an external consultant, was implemented to evaluate the impact of the action. The main findings include:</p> <ul style="list-style-type: none"> -Training of Master Trainers in Lifelong Learning DVV International has implemented in cooperation with UNESCO Regional Office Bangkok, RMIT University Melbourne and the Asia-Pacific Association for Basic and Adult Education (ASPBAE) a Training of Trainers (ToMT) for 38 Master trainers in Non-Formal Education. -Developing a Prime Minister’s Decree on Lifelong Learning (LLL). LLL is the current global concept for shaping the education agenda. SDG 4 explicitly urges all countries to use LLL for designing an effective education sector: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. - Prime Minister Decree on LLL was to finalize the existing draft until the end of September and ensure, Lao PDR will adopt the Decree within 2018. 	<p>region to tackle several severe challenges: the number of functional illiterates remains high; many young people were not able to finish secondary or in some cases even primary education; the new requirements of</p> <p>Although there is a growing awareness about the potentials of NFE in the region, the situation concerning funding, curricula, the qualification of teaching and management staff and policy framework needs to be improved.</p> <ul style="list-style-type: none"> - The further adoption of the Decree was hampered by a lack of understanding of the very concept of LLL in many departments of the MoES and beyond.

Infrastructure (ISWG)

Name of Sector Working Groups: Infrastructure Sector Working Group

Chair of SWG: H.E. Dr. Bounchanh Sinthavong, Minister of Ministry of Public Works and Transport

Co-Chairs of SWG:

H.E. Takeshi HIKIHARA, Ambassador of JAPAN to Lao PDR

Mr. Jean CHRISTOPHE CARRET, WB Country Manager, Lao PDR

Mr. Yasushi NEGISHI, ADB Country Director, Lao PDR Resident Mission

SWG Secretariat Focal Points:

Government Officials:

Dr. Oulay PHADOUANGDETH, Director General Department of Planning and Cooperation

Development Partners:

Mr. Takashi Kurihara, Second Secretary, Embassy of Japan

Mr. Sombath Southivong, Senior Infrastructure specialist WB

Technical Supporting Staffs:

Government Officials:

Mr. Chanthaphone Phanvisouk, Director of Division, DPC

Mr. Chanthavong Bounsombath, officer, DPC

Development partners:

Mr. Vanthong Inthavong, Project Officer ADB

I. Overall progress towards sectoral outcomes and results

1. The Structural Report

The ISWG is under Ministry of Public Works and Transport, the ISWG is divided in 3 Sub-Sector Working Groups (SSWG), namely: 1). Infrastructure Development Sub-Sector Working Group. 2). Transport Development Sub-Sector Working Group and 3). Water and Sanitation Development Sub- Sector Working Group.

2. The overall activities of sector progress over the past year 2017

To supports the implementation of the 8NSEDIP for LDC graduation and SDG intergration: in the year 2017 the ISWG was held technical level Meeting and Executive level Meeting that focus on:

Sector activities	Progress	Challenges and opportunities
Aligning Public Works & Transport Development Plan with 8 NSEDP and SDGs	<p>- Revising PWT Strategy plan 2016-2025 and 5 years plan 2016-2020 with aligning NSEDP.</p> <p>To monitor and evaluate the progress of Public Works & Transport Development Plan, MPWT selected 103 indicators.</p>	<p>Financing gap for infrastructure development, especially for rural road development.</p> <p>Large amount of arrear to be settled.</p> <p>An increase in intensity and frequency of natural disaster and infrastructure and urban are vulnerable to climate change impact.</p>
Road Maintenance	<p>This year Government increase approval budget from 56 mil USD (2015-2016) to 80 mil USD (2017). Condition of National road has been improved</p>	<p>A large segment of road network is unpaved, in poor condition and vulnerable to climate change impact, which requires large amount budget for emergency repair.</p> <p>There is a need for effective maintenance.</p> <p>Shortage of funds for road improvement and maintenance.</p>
Overloading Control	<p>3 pilot weigh stations were ongoing project. The 1 station in NR 9 will operation the end of 2017 and 2018</p>	<p>Overloading of heavy trucks has continued damage road network.</p> <p>There is a need to re-establish overloading control.</p>
Railways	<ul style="list-style-type: none"> - Lao-Thai railway project phase II is ongoing. - Lao-China railway project are ongoing with 10% completion. - Feasibility study for Vientiane-Thakek-Muya Vietnam border is ongoing(final report will submit by the end of November 2017) 	<p>In order to maximize benefit from the Lao-China railway project, there is a need to develop multi-model transport, improvement of connectivity between railway and road network at national and local levels.</p>
Civil Aviation	<p>Vientiane International Airport Terminal Expansion Project ongoing and will be complete by July 2018</p>	<p>The other project still need more fund for: FS new Vientiane Airport and Improvement Houaysay and Xiengkhoung Airports.</p>
Waterways	<p>The Master Plan for Integrated Flood Management in the Mekong River(MOLIT/ROK) was completed</p>	<p>Seeking fund for implementation</p>

Sector activities	Progress	Challenges and opportunities
Water Supply	Water Supply coverage 71.9% of Urban population	By the year 2020 water supply will access to community in 80%, there remain a large portion of rural population has no access to water and sanitation.
Urban Development	Pakse Urban Environment Improvement Project Progress, is 51.5% Greater Mekong Sub Region East-West Economic Corridor Towns Development Project: GMS1, Progress, is 61.8%	Resettlement and Subsidy Budgets: Budget don't meet the RS's Requirement

II. Overview of Sector Performance in 2017

Sector outputs and activities	Progress	Challenges and opportunities
A. Thematic (substantive) areas		
Actions/activities relating to the RTM/RTIM recommendation/discussion points		
SWG	However, ISWG is not main sector that RMT focus on during the past year, but to support the implementation of the 8NSEDP for LDC graduation all modes of infrastructure has to improvement.	To achieve NSEDP with balance of improvement, the SWG still need more budget.
B. Communication and outreach activities with the sector and across Sector Working Groups		
In crossing other Sector Working Group, the ISWG has Attended Government Sector Meeting and SWG-ARD Meeting	N/A	Sharing information Lesson learn from each sector
C. Partnership for Effective Development Cooperation (in accordance to VDCAP 2016-2025) (Only narrative on each principles)		
Greater Aligning and follow up VDCAP mandate or (principle)	Focus on areas under the Roundtable Mechanism was agreed and the SWG priorities for support NSEDP and LDC graduation.	Further engagement both of Government and Development partners.

Natural Resources and Environment (NRE-SWG)

Name of Sector Working Group: Natural Resources and Environment

Chair of SWG: Dr. Saynakhone Inthavong, Director General of the Department of Planning and Cooperation at MoNRE Vientiane

Co-Chairs of SWG:

Embassy of Germany: Mr. Jens Luetkenherm

World bank: Mr. Jean-Christophe Carret

SWG Secretariat Focal Points:

Mrs. Bouakham Soulivanh, Deputy Director General of the Department of Planning and Cooperation

Government Officials:

Mr. Sinmanoluck Sinbandhit

Mr. Vansath Sisadeth

Mr. Sounadeth Soukchaleun

Development Partners:

Ms. Lena Rathjen (CIM Expert)

Technical Supporting Staff:

Government Officials:

Mr. Sinmanoluck Sinbandhit

Mr. Vansath Sisadeth

Development Partners:

World bank will assign new Staff

I. Overall Progress towards Sectoral Outcomes and Results (NSED P 2016-2020) - Executive Summary

According to the MoNRE 5-Year Plan (2016-2020) that is streamlined with the NSED P VIII, the environmental sector of Lao PDR has to report and to progress along 51 outputs out of the fields of the five main Sub Sectors: Land, Water, Geology and Minerals and Environment, Climate Change and Disaster Risk Reduction and Forestry (Annex III). Out of these 51 outputs, there are several outputs which implementation due to institutional changes in 2016, now lies with other ministries such as MEM and MAF. Nevertheless, the follow-up and monitoring of the implementation of these outputs has not yet officially been moved to the respective ministries and this also poses one important question to the RTM Meeting this year: „Will monitoring and evaluation of the outputs of the forestry and mineral sectors be moved totally to the respective ministries or shall the implementation lie with these ministries while MoNRE is still responsible for the M&E?

Main topics being tackled in the environment and natural resources sector of Lao PDR are: land use planning and land titling and registration as well as cadastre and database development for land registration, development of priority river basins as good examples for water management, water quality measurement stations, water and air pollution, meteorology stations, hydrology stations, integrated watershed management, river classification systems and wetland management. Furthermore, main focus lies on climate change mitigation and disaster risk management, also in the view of more often occurring droughts, flooding and earthquakes. Therefore, national disaster risk management plans, province and district plans shall be developed, IT-based warning systems and databases, district classification grids for disasters, CO2 emissions and mitigation plans, as well as waste management and curriculum development for schools and universities on environment protection.

The Geology and Mineral Sector focused on the further development of the legal framework (new regulations on inspection procedures, approval of mine operational plans, imposing penalties in mining and the revision of the mineral law). Another focus was on the restructuring of government authorities in the mineral sector (Dep. of Geology and Minerals back to MEM) and the reform of the mining licensing system before the revision the mineral law. Further topics included the assessment of possible value-added chains for minerals, increased transparency in the Mineral Sector (GoL checks possibilities to enter the Extractive Industries Transparency Initiative, EITI) and the improvement of data and data management (Geological mapping, mining cadaster, mining information system).

The Forestry Subsector deals with the development of forest restoration plans and forest protection as well as reforestation and the concept of REDD and REDD+. Furthermore, law enforcement in the field of illegal logging and biodiversity and wildlife protection are tackled.

Currently, MoNRE is implementing 53 projects (June 2017) country-wide in the four subsectors of Land, Water, Environment and Geology and Minerals, whereas 29 projects are foreign-financed and 24 projects are Lao-financed.

There are 9 projects in the Land Sector, 8 projects in the Water Sector, 28 projects in the Environment and Disaster Risk and Climate Change Mitigation Sector and 3 projects in the mineral sector that are now implemented through MEM. 5 projects are supporting institutional change, monitoring and human capacity building across sectors.

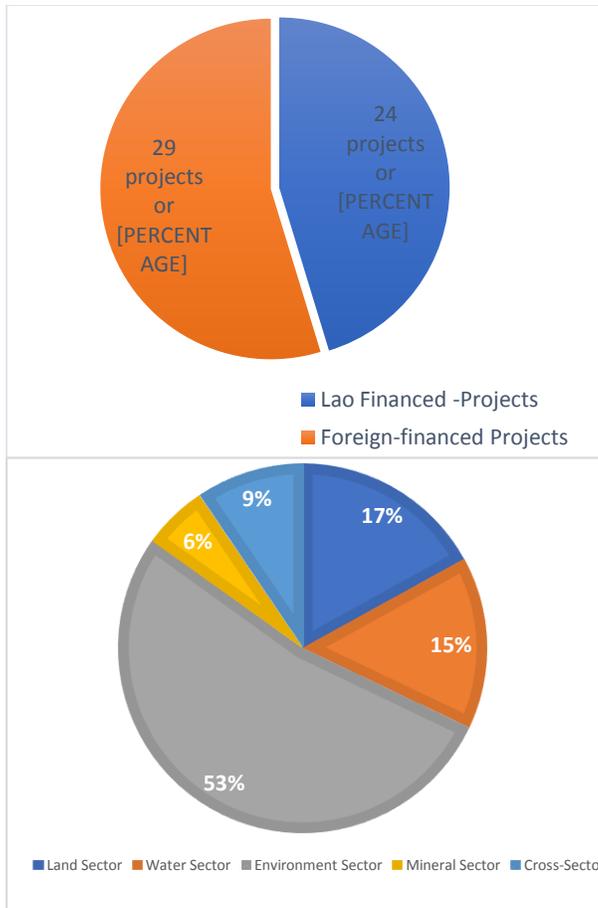


Fig. 1: Lao and ODA-financed projects at MoNRE 2017 Fig. 2: Nr. of Projects (%) for every Sector

Next to the projects, MoNRE is implementing bilateral MoUs with nine countries, 13 multilateral contracts mainly with countries within ASEAN and Asia and ratified 15 international conventions on environment.

In the next chapters, this report will follow-up on main progresses in the five Subsectors during 2017:

II. Progress in the different Sectors

a. Progress in the Land Sector

b.1.: Progress in National Land Use Planning (LUP) Process and Revision of Land Law

Key proposals for the new land law were to (2016-2017):

- clarify between land classification and land use planning
- ensure that land use plans are both bottom-up and top-down
- exclude land ceilings for agricultural land
- introduce „legally binding“ LUP that clarifies land ownership
- introduce LUP principles in the law

Recommendations to the Land Subsector Working Group are to approve and issue the LUP as a legally binding document and to simplify the system of Land Classification and Land Use Planning according to administrative levels: 1) Classification at National and District levels 2) Participatory Land Use Planning at Village level.

Furthermore, it is suggested to enhance the legally binding character of LUP in the revision of the land law and include the clarification of land ownership during the LUP process.

It is planned to finalize the draft law by September 2017 and submit it to the Ministry of Justice for legal approval by October 2017. The introduction to the National Assembly will take place by January 2018 and an adoption is planned by April 2018.

b.2.: Communal Land Registration and Titling

In the end of 2016, a Focus Group was opened to work on a guideline for communal land registration and titling (CLRT). The current members are DaLAM, DoLA, GIZ, LIWG and MRLG.

During this year, a draft of the CLRT guidelines was developed and discussed on government and wider levels. In September-October this year, the guidelines will be tested in two target villages, potentially in MRLG or GIZ project regions. Out of this, the draft guidelines will be improved and finalized and the proposal for the guidelines is supposed to be handed in to MoNRE by December 2017.

b.3.: LaoDecide Info: Land Concessions and Land Investments in Lao PDR and Quality of Land Concessions

The project Lao Decide Info financed by SDC deals with the inventory of land concessions and the quality of land concessions. Problems in Lao PDR are that information on concessions is housed in different sectors and across different administrative levels.

Land Concession Inventory

The land concession inventory includes 6 steps: gathering of concession data, provincial consultations, district-level participatory mapping of concession areas, data integration into computer programs, final consultations at provincial level and finalization of maps. The data collection took place from 2014-2017, first maps are available now. A full report is expected in January 2018. Most of the concessions are given to Asian countries, such as China, Vietnam, Thailand, South Korea and Japan. The North is dominated by Chinese concessions, the South by Vietnamese concessions. Most of the deals and the area are given out for mining activities followed by forestry concessions. There are sometimes discrepancies between actual concession and final implementation area.

Quality of Investments

To assess the quality of investments, a multi-stakeholder consultation process was used. One form was developed for governmental agencies such as PAFO, PONRE and DONRE, and DoF. Another form was given to companies and two forms were developed for impacted villages, one for village heads and one for households (Fig. 5).

Key negative impacts of land concessions for villagers were:

- loss of land for farming
- conflicts
- negative impact on NTFPs, animals and timber
- air pollution and noise
- livestock area decreased
- effects of chemical substances and water pollution

Key positive impacts of land concessions were:

- rising household income
- employment
- road connection

Especially in the field of forestry concessions, most of the households said that they were not compensated for substantial land loss, while at the same time the loss of land for forestry concessions was the highest out of agriculture, forestry and mining concessions.

Concerning EIA/ESIA/IEE (environmental impact assessment), at least 55% of the mining companies did an EIA, 42% of the forestry companies and 6% of the agriculture projects. Agriculture and Mining companies did the EIA before granting the concessions, while forestry concessions mostly were granted first and an EIA was done after the land was cleared (65%).

Up till now, the quality assessment interviews have been finalized in the six provinces of the South and two pilot provinces of Luang Prabang and Xiengkhouang.

Next steps for 2017/2018 should be to finalize the interviews and integrate data into the database as well as to institutionalize the process within ministries.

b. Progress in the Water Sector

a. Administration:

Update of ToR and agreement on new updated ToR; disaster was excluded from the TOR to be included with the ToR of the Environment, Climate Change and Disaster Risk Reduction Sub-sector Working Group

Mandate DFAT: The mandate between DWR and DFAT Australia has been endorsed and signed

c. Progress in the Environment, Climate Change and Disaster Risk Reduction Sector

a. Administration:

Paris Agreement: Submission of ratification instrument on 6th of September 2016, support through UNDP Paris Agreement and ratification instrument should be introduced to the Lao Law to ensure that Lao PDR has the national framework for meeting international obligations

Sendai Framework for disaster risk reduction: The mandate will be shared between the Ministry of Welfare and MoNRE. DDMCC remaining the focal point.

b. On-going Work:

b.1. UNDP and MAF joint project proposal to the Green Climate Fund (GCF) 'Promoting climate resilient systems for improved food and nutrition security among the most vulnerable communities in Lao PDR-PIFAN'

The goal of the project is to get the farmers of 6 provinces: Phongsaly, Luang Namtha, Oudomxay, Houaphanh, Savannakhet and Saravan organized to tackle the potential impact of climate change such as droughts and floods. The production systems are to be improved towards information on climate, adapted techniques, enhanced value chains for better access to markets and restored ecosystem services.

Duration of Project: 6 years

Budget proposed: 40 Mil USD

Preparation time: already two years

Next steps: Ensure alignment with NSEDP VIII, ensure contribution to SDG, prepare discussions with other sectors beyond this sector

b.2. Disaster and Climate Change Law

The draft law is currently reviewed by a high level committee of vice ministers of 9 ministries and technical working groups of 17 ministries. The initial draft has been developed in 2016 already and since January 2017, the different articles are being validated and cleared one by one.

Next steps: The roadmap has to be adjusted to the process in preparation of the meeting of the National Assembly in October. The law will also in the future be supported by UNDP and Red Cross and maybe also by ADB. The ToR between the two ministries of MoNRE and Ministry of Social Welfare (responsible for emergencies) needs to be clear.

b.3. Update on INDC Implementation, Road Map and INDC Project MoNRE

The INDC project is an 18-months project being implemented by DDMCC and UNDP, ending in September 2017. The objective is to support the implementation of the Lao PDR contributions and strengthen the UNFCCC negotiation processes.

Key Milestones: Ratification of Paris Agreement

Challenges: Limited number of suitable candidates to support the preparation of documents, the process is under finalization and coordination with line ministries and international organizations and partners limited budget and tight schedule for implementation. INDC roadmap has been finalized but needs to be adjusted to the challenges and delays. Lao PDR was listed as a net emitter of greenhouse gases.

d. Progress in the Geology and Minerals Sector

a. Administration:

Decision MoNRE/MPI: The Subsector will stay as an Interim Subsector Working Group with the NRE-SWG until a final decision is drawn about it. At the moment, there will be no new MEM sector working group. The projects of the mineral sector are now supervised by MEM and not by MoNRE anymore.

Decision MEM: Transition of Chair/Key partner: MEM agreed that DOM will be GMSSWG chair and DGM Key Partner. ToR needs to be updated accordingly.

b. On-going work:

b.1. Draft of Mineral Law:

A new draft of the Mineral Law has been provided. It is planned to submit the revised Mineral Law to the National Assembly by autumn 2017.

b.2. Geological Information for the Mineral Sector and Mapping:

The Geological Survey of Finland (GTK) did a survey on mineral resources and existing maps and mapping material in Lao PDR and also helped to develop mineral maps for some regions of the country.

Outputs of the survey were:

- Department of Geology and Mining lacks geological/geophysical expertise—> training needed in GIS, field surveying and English
 - DGM is not focusing on normal survey activities like mapping and data
→ no geological mapping (→ no maps and no new data)
 - digitalization needed → central geo-database and data manager needed → there is new geo-data and maps from company reports available that has to be entered into the LaoGeoDataBase → there needs to be a procedure developed, facilities and training
 - capacity building and institutional modernization is needed → long-term strategic plan
- Question:

How to get new and transparent investors to Lao PDR?

- 1) develop a transparent mining law to attract serious (stock listed) companies
- 2) big money will come from MINING not from licensing
- 3) need for more geological and geophysical data

b.3. Development of a Mineral Sector Strategy Implementation Plan

The World bank HMTA project is supporting the GoL with the establishment of a Mineral Sector Strategy implementation plan. Based on the 8th NSEDP this implementation plan should comprise sector strategies, donor programs, and subsequent Ministries plans (and budgets) and donor financed activities. It should serve as a “blueprint” for GoL and Donor how to develop a sustainable mineral sector. Furthermore this plan can support MEM in donor coordination as this plan should provide a overview of - what has to be done (strategy) – what is going on (activities) – where do we need support (new donor, projects, activities). There is a need to clarify what role the GMSSWG could play in supporting this Mineral Sector Strategy implementation plan.

Progress in the Forestry Sector (MAF)-Results and Obstacles mentioned from Co-Chair Meeting in May 2017

- 1. Questions arising from moving the Forestry Subsector Working Group back to the Ministry of Agriculture and Forestry:** According to the NSEDP VIII, the monitoring for the forestry and also biodiversity indicators still lies with the MoNRE. Will the monitoring also be moved to MAF or will MoNRE be appointed to monitor these indicators. If yes, there need to be a system for communication and reporting between the ministries.
- 2. Where will the Mineral Subsector Working Group being placed in the future as the Department of Minerals has been moved to the Ministry of Mines?**

Ideas: Open a new Sector-Working Group for them
Include them into another sector working group that is more suitable
Keep them a Subsector of the NRESWG

If they will be a Subsector of the NRESWG as before, there need to be a communication system and a clarification of authority between the two ministries.

At the moment, the Mineral Subsector Working Group stays an Interim Member of the NRESWG until a decision is made.

Trade and Private (TP-SWG)

Name of Sector Working Group: Trade and Private Sector Working Group

Chair of SWG: Ministry of Industry and Commerce

Co-Chairs of SWG: EU and Germany

SWG Secretariat Focal Points:

Government Officials: Department of Planning and Cooperation-DPC

Mr. Sirisamphanh Vorachith, Director General

Mr. Phouvieng Phongsa, Deputy Director General

Development Partners:

Mr. Bryan Fornari, Head of Cooperation, EU Delegation

Mr. Christian Olk, Head of Development Cooperation, Germany Embassy

Technical Supporting Staffs:

Government Officials: Trade and Economic Cooperation Division, DPC

Mr. Sengphanomchone Inthasane, Director

Mr. Mathaphone Nalisak, Deputy Director

Ms. Sinhdalone Akkharath, Trade Officer

Development partners:

Mr. Kalakate Xaythanith, Programme Officer, EU Delegation

Ms. Khomphet Xayachack, Development Cooperation Assistant, Germany Embassy

I. Overall progress towards sectoral outcomes and results

Industry and services continue to be key growth drivers in 2016. Decline in mining output and slowdown in construction sector is partly offset by increase in power generation and manufacturing sector.

Increased economic integration under multilateral and regional economic cooperation frameworks, especially trade and investment regime liberalization under AEC framework, including adoption and implementation of WTO and ASEAN consistent laws/regulations have contributed to increase of private investment in non-resource sectors.

However, there are still certain gaps between policy and implementation and without reducing this gap the potential of key economic sectors is likely to go unrealized. Further improvement in the enabling environment will require a wide range of sectoral and cross-sectoral initiatives.

Another key challenge will be to follow through with fuller implementation of legal reforms enacted in recent years. This will be especially challenging in a post WTO accession environment when, evidence from other post accession countries shows, reform momentum may begin to slow. Similarly, as trade and investment flows become increasing driven by the natural resource sectors, substantial efforts will need to be made to ensure that growth in the more labour-intensive non natural resource sectors is not hindered.

A lack of information and understanding by SMEs on the benefits of regional integration and FTAs with Dialogue Partners is also leading to the low utilization rate of the AEC implementation. Therefore, some form of policy coordination is crucial for addressing these issues in order to make the AEC realisation. Supporting business to prepare for the joint market will be key to ensure that the Lao economy will maximise the net benefits from regional integration.

Partly because of Lao PDR's geographical location, its stage of development of market foundations, the nature of the methodology applied, the country performs poorly in most international benchmarking exercises, including the Doing Business Indicators, Index of Economic Freedom and the Logistics Performance Index. Overall these reports suggest that gaps between Lao PDR and its peers in the region are still significant. However, they do not provide information about priority reform areas or what the binding constraints for businesses are at the current stage of economic development. Therefore, the findings of these reports need to be interpreted in conjunction with detailed in country studies such as WB's Investment Climate Assessment, ADB's Private Sector Assessment, and GIZ's Enterprise Survey, LUNA's Business Perception Survey and others.

Although there are significant constraints associated with its geographical locations such as high logistics and transport cost, limited scale economies because of small and fragmented domestic market, it is generally recognized that Lao PDR has potential to develop its non-resource sectors based on key endowments such as availability of labour surplus in subsistence agriculture; low nominal wage; availability of land for agriculture, forestation and pasture; availability of forests; availability of electricity at moderate cost; traditional handicraft skills; proximity to fast growing regional markets; and rich tourism resources (unique nature and culture).

At the sector program level, in 2016-2017, some encouraging progress has been made across all three pillars of the Trade and Private Sector Development Roadmap, namely: further deepening of economic integration, improving business environment; and enhancing enterprise competitiveness, including SMEs.

1.1. Further deepening of economic integration

The sector Roadmap aims to promote increased economic integration through focusing on effective implementation of goods and services commitments at both the WTO and ASEAN levels, including a strong emphasis on private sector engagement.

Major achievements during 2016/17 included the followings:

- Launch of Lao Services Portal, which contains all information related to trade and investment in services in the Lao PDR, including legal documents, measures,

procedures, forms, services commitments, news, publications and other information related to trade and investment;

- Establishment of Regulatory Authority for the Telecommunications Sector and adoption of sector regulations, in particular, the framework for competition, interconnection, licensing regime and spectrum management;
- Adoption of key SPS legislations, including Law on Plant Protection and Law on Livestock and Veterinary Matters, and finalization of a number of relevant implementing regulations;
- A number of key insurance sector regulations is being developed: regulations on reporting standards, reserve standards, insolvency, re-insurance, and inspection. Preparation work has also begun to revise the existing Insurance Law;
- Development of regulations and capacity building for professional body in accountancy as required by the ASEAN Mutual Recognition Agreements;
- Developed implementing regulations for the IPR Law – on unfair competition and plant variety, enhanced technical capacity coordination to fully implement the IPR border protection measures and developed detailed draft guidelines on IPR adjudication for the SPC;
- Developed a Law on Safeguards and safeguard mechanism, commercial sections of the Civil law, and drafted implementing regulations on digital secure service providers;
- Prepared IPR guidelines for Case Adjudication;
- Built capacity in laboratory certification and accreditation.

1.2. Improving business environment

- Enhanced public private dialogue under the Lao Business Forum through supporting operations of the Secretariat based at LNCCI and Government Focal Point based at DPC.
- The 10th LBF was held on March 28, 2017, and was chaired by the Prime Minister. In the run-up to the forum, the LNCCI and MoIC had identified 32 priority issues raised during roughly 150 working group meetings. A preparatory LBF Steering Committee Meeting was held on December 28, 2016 under the chairmanship of MoIC Minister and LNCCI President, where issues were discussed and prioritized. 16 of these 32 issues were discussed in detail during the Forum, with solutions for 4 of the issues already presented and implemented;
- A new Trade Facilitation Roadmap covering 2017-2020 was endorsed. Among others, the roadmap includes action plan for implementing category B and C measures of the WTO Trade Facilitation Agreement;
- The ongoing operation of the Lao Trade Portal has been up-to-date and the similar initiative has been replicated in several developing countries including Lesotho, Bangladesh, Myanmar, Cambodia, Nepal, Malawi and Botswana.
- The Lao Trade Portal fully complies with the ATIGA's National and ASEAN Trade Repository Requirements. The portal is live, up-to-date, stable and relevant. The trading community continues to have positive feedbacks on the LTP;
- Important progress is being made to streamline business start-up procedures, including abolishment of the requirement to reserve and get approval of the enterprise name, launch of website which allows investors to download all application forms and do online search of the enterprise name from the database, and an initiative to merge the

Tax Registration System and the Enterprise Registration System is being considered under ongoing technical assistance to modernize the Tax System;

- Supported organization of Laos' ASEAN chairmanship under AEC agenda, including development and endorsement of key deliverables;
- Provided technical support to ongoing negotiation of commitments of the 10th package under AFAS, implementation of commitments under AEC in logistics, transport sector, ASEAN Comprehensive Investment Agreement, implementation of ASEAN clean tourist city standard, review performance of SEZs;
- Completion of national survey on industrial establishments aims to compile basic industrial statistics, including calculation of value added in the sector and formulation evidence based policy recommendations;
- Important progress is being made to map enterprise registration process and development and mapping of business licenses/permits.

1.3. Enhancing enterprise competitiveness, including SME development

The Roadmap aims to improve firm and sector level competitiveness through provision of both firm level and sector level quality and productivity improvement support.

Major results achieved during 2016/17 fiscal year include:

- **Business Assistance Facility (BAF).** The BAF matching grant program started in October 2013 and finished in March 2017, and was a component of the larger TDF2 project which was a multi-donor funded project to support the implementation of the Lao PDR's trade and integration priorities;
- At closure of the program in March 2017, BAF had assisted 208 firms, of which 34% were woman-owned, and BAF-assisted firms achieved average growth rates 21% higher than non-assisted companies;
- **Labour Productivity Improvement Scheme**
- As of end of August 2017, labour inspectors have undertaken 84 factory visits, and provided training on the Labour Law to 680 workers in 8 factories (80% of trainees were women) – compared to 78 workers trained in July 2016. Importantly, the core group of twelve labour inspectors (including 3 women) conducted 10 factory assessments in the garment industry against the checklist covering national labour Law and core labour standards (between December 2016 and February 2017)
- **Garment Skills Development Centre.** GSDC has provided its on-going services such as public sewing operator training, pattern making, management seminars, industry engineering workshops etc. in parallel with its services, GSDC also conducted a number of outreach activities to advertise its services aimed at attracting more trainees to GSDC.
- Launch of SME Service Centre under LNCCI to provide training and advisory services to SMEs.
- Organizational development of LNCCI, provincial chambers and sector associations (roles in relation to AEC, standard operational procedures)
- Training course on value addition within AEC-related value chains
- Studies on the impact of the AEC on the Lao tourism, transport and logistics sector
- Public Private Dialogue and Information Events on AEC (15th and 16th LANITH Symposium in Tourism, Seminar in Coffee)

- Technical trainings on Total Quality Management measures for Coffee Post-Harvest Processes in the four Southern Provinces
- Capacity building of supervisors and middle management in the Lao Tourism value chain
- Support to the implementation of ASEAN Tourism standards
- Greening the Lao Tourism Value Chain
- Support to First Lao Coffee Festival, World of Coffee Asia Exhibition, International Tourism Exhibition Singapore
- Studies on the impact of the AEC on the Lao tourism, transport and logistics sector
- Public Private Dialogue and Information Events on AEC (15th and 16th LANITH Symposium in Tourism, Seminar in Coffee)
- Technical trainings on Total Quality Management measures for Coffee Post-Harvest Processes in the four Southern Provinces
- Support to First Lao Coffee Festival, World of Coffee Asia Exhibition, International Tourism Exhibition Singapore
- Baseline assessment on AEC awareness
- Elaboration of awareness raising and information material about the AEC
- Information dissemination events on the AEC
- Training course on value addition within AEC-related value chains
- Investment events in other ASEAN Member States (Cambodia, Thailand).

II. Overview of Sector Performance in 2017

Sector outputs and activities	Progress	Challenges and opportunities
<p>A. Thematic (substantive) areas</p>	<p>Important progress is being made in three strategic pillars of Trade and Private Sector Development Roadmap (see detailed information in section 1-3). Key highlights for 2016/2017 includes:</p> <p>Adoption of key legislations in key backbone service sectors consistent with WTO and AEC requirements (telecommunications, insurance, SPS and TBT areas);</p> <p>Launch of Laos Services Portal;</p> <p>Regular update of Lao Trade Portal and Official Gazette;</p> <p>Launch of comprehensive review of business registration and licensing in</p>	<p>Despite the recent growth in the private sector, overall Lao private sector in general manufacturing and services remains small, low value-added and inward oriented. A burdensome operating environment creates incentives to stay small and informal and limits firm's capacity to compete at regional level.</p> <p>Lao PDR was ranked 139, out of 190 economies, on the 2017 Ease of Doing Business rankings, reflecting weak and inconsistent</p>

Sector outputs and activities	Progress	Challenges and opportunities
	<p>Laos;</p> <p>Adoption of National Trade Facilitation Roadmap, including action plans for implementing category B and C measures of the WTO Trade Facilitation Agreement;</p> <p>Successful organization of the 10th Lao Business Forum and beginning of provincial outreach;</p> <p>Successful completion of Business Assistance Facility reaching out to more than 200 SMEs</p> <p>Launch of SME Service Centre;</p> <p>Facilitated SMEs' access to long term financing through creation of credit facility in partnership with local banks.</p>	<p>enforcement of regulations, as well as complicated and burdensome procedures.</p>
Other substantive actions/activities		
<p>Ensure quality investment and create enabling business environment</p>	<p>See sections 1-2 above.</p>	<p>See section A.</p>
B. Communication and outreach activities with the sector and across Sector Working Groups		
	<p>Invited key players from agriculture, macro working groups to TPS WG meetings;</p> <p>Shared ODA governance framework with agriculture WG;</p> <p>Shared AfT governance framework with Myanmar, Cambodia, Bhutan;</p> <p>Publication of LAO Trade Magazine, regular updates of information on T4D website, LTP, LSP and others;</p> <p>Supported public private dialogue at national level and selected provinces.</p>	
Research and	<p>Supported regular research and</p>	

Sector outputs and activities	Progress	Challenges and opportunities
studies	studies in areas of economic integration, trade and competitiveness at both national, sector and firm level.	
C. Partnership for Effective Development Cooperation (in accordance to VDCAP 2016-2025) (Only narrative on each principles)		
Ownership	Sector development Roadmap is used as guidance for all ODA funded support; Single Aid for Trade Governance framework for all TRTA; Increasing proportion of national executed TA delivery modality.	
Alignment	Pool funding in form of multi-donor trust fund has been promoted and successfully implemented over the past 08 years	
Simplification and harmonization	All TRTA adopts single governance framework (program supervisory committee and project review structure)	
Transparency, predictability and mutual accountability	All TRTA reports to single program supervisory body called Program executive Committee, which meets once a year	
South-South cooperation	Regular exchange with Cambodia and Myanmar exists; Hosted delegations from Tanzania, Bhutan and Myanmar.	
Private sector engagement	Individual private sector firms, especially SMEs are direct beneficiary of most of our direct support programs; Business membership organizations, including LNCCI, industry associations are partners for implementing a number of our support programs.	

Governance (GSWG)

Name of Sector Working Group: Governance Sector Working Group

Chair of SWG: Minister of Home Affairs and Minister of Justice

Co-Chairs of SWG: Resident Representative of UNDP and Switzerland.

SWG key mandate: The main objective of the Governance Sector Working Group is to ensure convergence of development partner assistance and approaches in different areas of governance reform, and help execute the Country Action Plan of the Vientiane Declaration on Aid Effectiveness.

SWG Secretariat focal Points:

Government officials:

Mr. Nisith Keopanya, Director General of Planning and Cooperation Department, Ministry of Home Affairs

Mr. Kethsana Phommachanh, Director General of International Cooperation Department, Ministry of Justice

Ms. Vilaythone Sounthone Xaymongkhonh, Deputy Director General of Planning and Cooperation Department, Ministry of Home Affairs.

Development Partners:

Head of Governance Unit, UNDP

Head of Governance Programme, SDC

Attaché Cooperation, EU

Technical Support Staff:

Government officials:

Mr. Benz Vongpadith, Director of Cooperation Division, Planning and Cooperation Department, Ministry of Home Affairs

Ms. Chithasone Douangdy, Deputy Director of International Organization Cooperation Division, International Cooperation Department, Ministry of Justice

Ms. Mouknapha Manirath, Technical staff, Planning and Cooperation Department, Ministry of Home Affairs

The GSWG has two sub-sectors working groups: (1) the Public Service Improvement ,co-chaired by Ministry of Home Affairs, the Swiss Agency for Development and Cooperation – SDC and UNDP, and (2) the Legal and Institutional Oversight, co-chaired the Ministry of Justice, the European Union and UNDP.

I. Overall progress towards sectoral outcomes and results

Governance and public administration reform in Lao PDR continued to steadily advance during 2017 both in the areas of public service improvement (PSI Sub Sector Working Group) and legal sector oversight /Rule of Law (LIO Sub Sector Working Group).

Public Service Improvement

Local Administration and Service delivery

Updates to the Constitution and laws promulgated in 2016 were progressively applied during 2017. These updated laws has helped to clarify the roles and responsibilities amongst the offices of the Prime Minister, Deputy Prime Minister, Ministers and Heads of Ministry-equivalent organisation; and clarify further the mandates, roles and functions between levels of government and administration. These updates to the administrative framework and legal frameworks reflect government policies and the lessons learned from the pilot implementation Sam Sang pilot during 2012-2014.

Under the Sam Sang devolution initiative, which has since been officially extended nationwide to all 148 districts, local administrations are being assigned more responsibilities and authority to be more proactive and self-reliant in local development and poverty reduction. The implementation roll-out may be incremental, depending on local capacity, with certain functions being selectively assigned to districts. The expansion of Sam Sang to all 148 districts presents ongoing challenges given the pressures on the State budget.

The District Development Fund (DDF), simultaneously strengthens both service provision and the inherent ability of local administration to manage local service delivery. DDF, which has provided practical capacity in local service delivery to 2,650 local officials and direct budget support to 53 District administrations (1.2 million beneficiaries), reached its end in December 2016. A new programme of support (GIDP¹) to the national governance and public administration reform programme (GPAR) will take DDF to the next level as an established tool to effectively promote better local public financial management and services. The positive experience of DDF to promote workable budget devolution and effective public financial management and services at the sub-national levels, should be able to inform the emerging national public financial management protocols. Discussions have been also well advanced among Poverty Reduction Fund and DDF on the joint cooperation pilot.

People's participation and representation:

Lao PDR has a range of both formal and informal fora through which people may decide to participate in national development. Significantly, the recent Constitutional amendment has provided for the establishment of People Provincial Assemblies (PPAs). Elections to the

¹ Governance for Inclusive Development Programme (2017-2021)

new PPAs in March 2016 returned 360 PPA members; and 149 National Assembly (NA) members (41 females).

The NA continues to provide increasingly proactive oversight of public services and aspired to increase people's participation in the decision-making process, through such tools as the hotline, petitions, and public hearings. The GSWG Thematic Workshop in September 2017 provided stakeholders from government, development partners, civil society, with an opportunity to discuss directly with a representative of the Vientiane PPA, on their mandate, responsibilities, experiences, achievement, and challenges to date.

People may also decide to participate in the approved Party mass-organisations (e.g. women, youth, trade union, etc) and formal business associations (e.g., Chamber of commerce, etc), interest groups, civil society, Non-Profit Associations (NPAs), the formal media and other forms of social communication. The amended Law on Local Administration is also aimed to promote better relationship between provincial authorities and the NA Constituency Offices, and stronger collaboration with mass organizations and civil society to participate in the public sector development.

The Vientiane Declaration (VD) and the VDII, highlights the importance for increased engagement of INGOs and NPAs in the country socio and economic development programming process. The 2009 Decree 115 on Associations marked an important step in the formal recognition of NPAs as partners in development. Some 152 Associations and 11 Foundations have since been officially registered. The ODA draft decree (No. 75) is at a final stage of development and the revised draft NPA decree (No. 238) has been signed, following a protracted process of consultations. Within the new Associations Decree 238, the process in setting up an NPA is more clearly defined; three categories of associations are defined; delegated approval given to various Ministries for those Associations that operate within their aegis; and the Ministry of Home Affairs (MoHA) to manage the Register for all types of Association; more clearly defined coordination mechanism amongst central ministries, ministries and local authorities. MoHA has been actively developing the necessary administrative and organizational capacities at all levels for management of civil society affairs. Guidelines on the implementation of the new Association decree have been developed and signed and will be applied in parallel with the coming into effective of new NPA decree.

A regular mechanism is established to discuss the implementation of INGO guidelines amongst INGOs, Development Partners (DPs) and Ministry of Foreign Affairs (MoFA) at the national and provincial levels.

Legal Sector/Rule of Law/UPR

Important changes in the legal sector have been introduced following a Constitutional amendment and new/revised laws that approved by the NA in December 2015 and promulgated in 2016. These have been implemented by the Government and administration.

Many of the activities envisaged under LSMP have been, or are in the process of being, implemented. Approximately 109 laws have been adopted by the NA. Courts and prosecutors' offices have been restructured or expanded with new offices. In addition, plans to establish an administrative court are underway and the Village Mediation Units (VMUs) have been established in most villages.

The codifying of the criminal and civil codes is a significant exercise that marks a critical juncture in the legal sector evolution, as the codes are expected to introduce new legal provisions in the both spheres giving rise to significant changes in the legal landscape. Particularly, it is important that the international obligations need to be incorporated into domestic laws. Remarkable progress has been made in 2017 including the adoption of the penal code²; the amendment of the law on lawyers³; the development of the legal aid and legal fund decrees⁴; the adoption of the law on treaty⁵; and the revision of the law on judgment enforcement⁶. These legislative developments are steadily moving forward the legal reform agenda in the country.

The legal aid decree was informed by the citizens' survey led by the Ministry of Justice (MoJ), which was the first in the justice sector. The survey has set a positive trend in recognising the need to have reliable and current data to draft pragmatic laws. Efforts have been made to expand nationwide coverage of legal aid services. The Lao Bar Association (LBA), which leads the amendment of the law on lawyers in Lao PDR, has continued its efforts to expand and strengthen the legal profession in country. There are now 3 regional provincial branches (Oudomxay for northern part, Vientiane province for central part and Champasack for southern part) and legal aid offices, including recently established in Savannakhet and Sekong provinces. Several administrative reforms including the restructuring of the internal administrative frame work of the Lao Bar Association have been completed to increase stronger accountability.

The database installed to monitor judgment enforcements and the pilot case management system are being introduced and expected to make delivery of justice services more efficient and effective once completed. The case management system (CMS), in particular, is expected to reduce the time taken to transfer files from court houses from the sub-national level to the central level.

² At the April 2017 NA session in April 2017.

³ The Amended Law on lawyers was adopted at the NA Session Oct-Nov 2016. With final minor changes to be made. The law still needs to be promulgated.

⁴ This is ongoing.

⁵ Adopted at the last NA session. Minor changes to be made incorporating comments from MPs before the law is promulgated.

⁶ The amendment work concerns many stakeholders therefore more time has been granted to complete the process, until 2018.

Following the completion of the 2nd Universal Periodical Review (UPR), the government has adopted 116 recommendations from a total of 196 recommendations. Lessons from the 1st UPR cycle reveal the need to have a well elaborated action plan to follow up on UPR implementation. MOFA is leading the finalization of the action plan for the implementation of the UPR recommendations. Stakeholders' consultations are ongoing, including the Sub-sector Thematic Workshop on the update status of the UPR action plan organised in July 2017 with various stakeholders including DPs, civil society and government officials under the framework of the Legal and Institutional Oversight SSWG to gather feedback and inputs on the action plan.

II. Overview of Sector Performance in 2017

Sector outputs and activities		Progress	Challenges and opportunities
Thematic (substantive) areas & Actions/activities relating to the 12th HL RTM key recommendation/discussion			
Actions / activities relating to the 12th HL RTM key recommendation / discussion points	2016 RTIM key discussion points ⁷		
11.1 Facilitate an establishment of a mechanism to discuss and monitor the implementation of the UPR governance	Point 10: stresses Universal Periodic Review (UPR)	Government adopted 116 /196 recommendations of 2 nd UPR. Action plan for the implementation of the UPR recommendations is being finalized. Stakeholders consultations on going, including consultation with DPs, civil society, Govt. officials. Under the framework of the	Opportunity for collaboration with stakeholders (Government agencies, development partners, INGOs/NPAs) implementation and monitoring of action plan.

⁷ MPI Annex2, RTIM 2017 Guidance Note

Sector outputs and activities		Progress	Challenges and opportunities
		Legal and Institutional Oversight SSWG, a thematic workshop on the update status of the UPR action plan in July 2017.	
11.2 Key challenges and opportunities in the scaling up of Sam Sang will be discussed, including sharing lessons from similar development models such as the District Development Fund (DDF)	<p>Point 11: highlights service delivery at local level</p> <p>PMO /147 of 7/1/2017 Instruction #8: MoHA in consultation with National Assembly and other related agencies to:- <i>Make important administrative and legislative progress towards Lao PDR becoming a rule of law state and measures to enhance greater transparency for sustainable development growth</i> <i>Delivery of basic services in remote rural areas through various approaches 'local delivery</i></p>	<p>Under the Sam Sang devolution initiative, local administrations are being assigned more responsibilities and authority to be more proactive and self-reliant in local development and poverty reduction.</p> <p>Updates to Constitution and laws were applied during 2017, including administrative framework and legal frameworks. These updates reflect the lessons learned from the pilot implementation Sam Sang pilot during 2012-2014</p> <p>Sam Sang policy has been officially extended nationwide to all 148 districts.</p>	<p>Sam Sang implementation may be incremental, depending on local capacity levels and budget availability, given the fiscal constraints and pressures on State budget.</p> <p>MoHA, MPI, MoF and relevant agencies are further considering how to use the positive experience of DDF to (a) promote more budget devolution and effective public financial management at sub-national levels; and (b) adaption to emerging national public financial management protocols.</p>

Sector outputs and activities		Progress	Challenges and opportunities
	<i>mechanisms', and others and ensure possible measures to help sharpen implementation for impact where needs are greatest.</i>		Discussions well advanced among Poverty Reduction Fund and DDF on joint cooperation pilot.
11.3 Key development on emerging topics related to governance reform such as constitutional amendment, penal and civil codes will be discussed and space for wider participation and contributions from development partners and civil society will be created	<p>Point 9: highlights Rule of Law State (See PMO / 147 reference above re Rule of Law State)</p> <p>Point 13: calls for greater partnership with civil society</p> <p>PMO/147 of 7/1/2017 Instruction #9:- MoFA in consultation with MoHA and other related agencies to <i>Enhance enabling environment for the work of</i></p>	<p>Constitutional amendment and laws, approved by the National Assembly (NA) in December 2015 and promulgated in 2016, being implemented by the Government. Elections to the new People's Provincial Assemblies (PPA) in March 2016 returned 360 People Provincial Assemblies (PPAs) members, and 149 NA members.</p> <p>Other legal and administrative framework, i.e. Law on Government, Law on Local Administration update, support the roll out of Sam Sang devolution initiative.</p>	<p>On-going sector challenges include the limited legal awareness and knowledge within the legal sector and administration, and amongst citizens in general.</p> <p>A body of informed and recorder legal analysis, judgements and precedent cases is nascent, and will require ongoing support to develop this body of knowledge, which is a foundation stone of a Rule of</p>

Sector outputs and activities		Progress	Challenges and opportunities
	<i>INGOs and NPAs under a programme based approach and ensure greater M&E for greater development results.</i>	<p>The adoption of the penal code⁸, the amendment of the law on lawyers⁹, the development of the legal aid and legal fund decrees¹⁰, the adoption of the law on treaty¹¹, and the revision of the law on judgment enforcement¹². These legislative developments are steadily moving forward the legal reform agenda in the country.</p> <p>Efforts are being made to expand nationwide coverage of legal aid services, including through the establishment of Lao Bar Association provincial branches, and establishment of new legal aid offices including recently in Savannakhet and Sekong provinces.</p> <p>The involvement from civil society and development partners in the Penal Code development</p>	<p>Law state.</p> <p>NPAs' and INGOs' participation in the Governance Sector Working Group and Round Table Meetings has become the norm.</p> <p>The adoption of the SDGs, especially SDG 17 on partnerships for development, is expected to continue to move in a positive direction.</p> <p>Opportunities to understand in detail the content of the new/revised ODA/NPA decrees should be provided to Government officials at all level as well as to the NPAs and other</p>

⁸ At the April 2017 NA session.

⁹ Amended Law on lawyers was adopted at the NA Session Oct-Nov 2016. With final minor changes to be made. The law still needs to be promulgated.

¹⁰ This is ongoing.

¹¹ Adopted at the last NA session. Minor changes to be made incorporating comments from MPs before the law is promulgated.

¹² The amendment work concerns many stakeholders therefore more time has been granted to complete the process, until 2018.

Sector outputs and activities		Progress	Challenges and opportunities
		are well recognised by the Government. Approximately 163 Lao civil society organisations registered. There is increasing recognition by both central and local government agencies of the valuable role of civil society and private sector as a partner in development. The new NPA decree (No. 238) has been signed and promulgated by the Lao Government, following a protracted process of consultations.	key stakeholders.
Others substantive Sector action/activities	Widened dialogue and information sharing on governance reform matters through series of thematic workshops Capacity building for staff civil servant both local and central level on good governance	GSWG Secretariat meeting to discuss GSWG annual activities Meeting of GSWG thematic discussion on devolution mechanism in Lao PDR in accordance to Sam Sang Policy Thematic Workshops of Legal and Institutional Oversight Sub-Sector Working Group focus on draft penal code	Opportunities to update on governance issues, developments and policies in Lao PDR. Opportunities for sharing experiences and advocacy on specific themes and issues.

Sector outputs and activities		Progress	Challenges and opportunities
		<p>access to justice (Draft Legal Aid decree and Draft legal aid fund decree) update on status of UPR Action Plan</p> <p>Thematic meeting of Public Service Improvement Sub-sector group on; People's Participation: Lesson learnt from 1 year implementation of People's Provincial Assembly Citizen engagement on service delivery/ pilot Service User Feedback Survey (SUFS) and District Service Delivery Monitoring System (DSDMS) in Houn district and Saravan district.</p> <p>inclusive governance – women's role in politics</p> <p>Enhance transparency, accountability/ Anti-corruption support to good governance and rule of law</p> <p>Seminar on Good Governance (for local level government officials & including Provincial People's Assembly)</p>	<p>Potential opportunities for resource mobilization and giving support to areas of particular interest(s).</p>
Communication and outreach activities with the	Producing dissemination	Regular thematic	Greater cross-

Sector outputs and activities		Progress	Challenges and opportunities
sector and across sector working group	materials for distribution to GSWG members and RTiM exhibition	meetings held for GSWG, Legal & Institutional Oversight Sub-Sector (LIO) and Public Service Improvement (PSI) Sub-Sector groups.	sector collaboration is encouraged but difficult to attain. Competing priorities and commitments make multi-party meetings and events/activities difficult to achieve.
Action for fostering greater partnerships and effective development cooperation (in line with the Vientiane Declaration and Country Action Plan)	Sharing information and dialogue through the regular meetings eg. thematic workshop, annual workshop of SWG, secretariat meeting	Participate in RTiM 2017 and Information Exhibition Chair/Co-chair meetings/Annual review meeting of GSWG	

UXO/Mine Actions (UXO SWG)

<p>Name of Sector Working Groups: Unexploded Ordnance</p> <p>Chair of SWG: Minister of Labour and Social Welfare</p> <p>Co-Chairs of SWG: UNDP Resident Representative and Ambassador of the United States of America to Lao PDR</p> <p>SWG Secretariat Focal Points: Government Officials: Mr. Phoukhieo Chanthasomboune, NRA Development Partners: Mr. Balasubramaniam Murali, UNDP DRR; Machut Shishak, US Embassy</p> <p>Technical Supporting Staffs: Government Officials: Mr. Bounpheng Sisawath, NRA Development Partners: Nils Christensen, UNDP ; Phil Bean, US Embassy</p>

I. Key focus of the Sector contributing to the sectoral outcomes

- Establish task-prioritisation system based on development criteria;
- Establish and roll-out sector level annual work planning;
- Implement *Survey to Safety* strategy;
- Improve cost-recovery mechanisms for UXO support to development projects;
- Integrate principles of Linking Mine Action with Development (LMAD) into UXO sector.

II. Overviews of Sector Performance in 2017 (Activities, actions and outputs)

Activities and actions	Outputs/targets	Update – End July 2017
A. Thematic (substantive) areas		
Actions/activities relating to the 12th HL RTM key recommendation/discussion points		
Ensure commitment to and on-going implementation of an evidence based survey to allow a systematic approach to establishing the remaining UXO contamination	Finalise <i>Survey to Safety</i> Strategy and publish implementation plan.	<i>Survey to Safety</i> Strategy will be updated to encompass projected resources. Implementation plan is in process of being finalised. INGOs have submitted survey proposals to

Activities and actions	Outputs/targets	Update – End July 2017
in support of developing a multi-year planning and long term resource mobilization strategy		the Government of the United States of America. Consultations on the finalisation of the updated survey procedures continue.
Use mid-term review of Safe Path Forward 2 to more closely link priority operations to national development priorities, introduce streamlining of operations to increase productivity and revise clearance measured by the number of hectares with more realistic and appropriate targets	Finalise and publish Planning and Prioritisation Guidelines and create Sector Annual Work Plan for 2017 based on priority tasks.	Prioritization is ongoing. Provinces are providing areas for development. Currently: more than 51,000 Ha of CHAs identified. (Information as of 3 October 2017). Of this provincial authorities consider at least 10,000 Ha of CHAs as high priority for clearance. This work will commence in 2018. Work being undertaken to prioritize CHAs to ensure CHAs preventing development are identified. In addition, some villages scheduled for development activities will need to be prioritized for survey.
Better articulate needs for remaining UXO contamination. This includes sharing the operators' work plan, transparent reporting and joint monitoring missions with donors.	Implement Joint Monitoring Mission and transition to using IMSMA for all data reporting.	Transition to using IMSMA for all data reporting continues an on track for December 2017 timeframe. 2018 Sector work plan will have increased details on operators work plans. Over 10 joint monitoring missions have occurred in January – July timeframe.
Scale up resources and capacities.	Finalise and sign UNDP Project Document for 2017-2021 and distribute for contributions.	UNDP Project Document for 2017-2021 signed with starting date 1 June 2017.
Strengthen the overall multi-stakeholder partnership for accelerating efforts to address UXO problems through a sector-wide approach with periodic oversight meetings of key Government ministries, DPs and implementing partners	Hold regular sector meetings including Policy Forum; commit to monthly progress data publication on NRA website.	On track.
Other substantive actions/activities		
Establish sector-wide liability guidance in National Standards.	Guidance published.	On track.
Establish Sector Monitoring and	Framework	NRA has no resources for this

Activities and actions	Outputs/targets	Update – End July 2017
Evaluation Framework to measure and communicate contribution of UXO sector to development progress.	published with roles and responsibilities.	activity. (M&E Unit at NRA), activity to start once resources are available.
Establish standards for use of historical data within Lao PDR UXO National Standards.	National Standards updated.	Historical data will be used as for <i>Survey to Safety</i> and are part of new survey procedures. Update of National Standards will be completed after survey procedures finalised.
B. Communication and outreach activities with the sector and across Sector Working Groups		
Host UXO Policy Forum for stakeholder engagement.	Minutes published.	On track. Policy Forum will be organised if necessary before RTM.
Improve linkages with Poverty and Livelihoods-related SWGs.	Share Minutes from UXO SWG and invite key organisations.	Output achieved. Increased technical cooperation to enable UXO support to development required.
Improve linkages with Education and Health-related SWGs.	Share Minutes from UXO SWG and invite key organisations.	Output achieved. Increased technical cooperation to enable UXO support to development required. This includes coordination with the Ministry of Education & Sports on integrating UXO curriculum in primary schools, as well as coordination and collaboration through the Ministry of Labour and Social Welfare with the Ministry of Health on assistance to UXO victims.
C. Actions for fostering greater partnerships and effective development cooperation (in line with the Vientiane Declaration and Country Action Plan)		
Develop Action Plan for implementation of Announcement 93 for improved cost recovery for UXO support to development projects.	Next steps clarified.	In late of 2016, the Prime Minister of Laos issued the Order No. 39/PM, dated 28/9/2016 to replace the announcement No. 93. The new Order stipulates that development projects in provinces and district affected by UXO must undergo survey and clearance before project implementation, and these development projects must also allocate funding for survey and clearance.
Increase and report cash contribution of Government of	Contribution increased from	2016 cash contribution by Government of Lao PDR in excess

Activities and actions	Outputs/targets	Update – End July 2017
Lao PDR to UXO sector.	2015 and details on expenditures shared with DPs.	of \$700,000 which include: the NRA and UXO Lao rental, tax exemption for project equipment of UXO operators, Lao army humanitarian team training and operation cost for survey and clearance.
Clarify process for establishing Memoranda of Understanding for UXO work.	Process clarified.	On-going.

Illicit Drug Control (IDC SWG)

Name of Sector Working Group: Illicit Drug Control

Chair of SWG: Chairman of the Lao National Commission for Drug Control and Supervision

Co-Chairs of SWG: H.E. Ambassador of Japan
H.E. Ambassador of Australia
Programme Manager and Officer-In-Charge-UNODC

Head of SWG Secretariat

Mr. Phoutsavath Sounthala, Director of Planning and Cooperation Department, LCDC

Secretariat (Government):

Mr. Bounpheng Inthavong, Deputy Director of Administration, Counter Narcotic Police Department, Ministry of Public Security

Mr. Oudone Sisongkham, Senior Programme Officer, UNODC

Secretariat (DPs):

Mr. Shigeyuki ITO, Crime Prevention Expert, UNODC,
Mr. Oudone Sisongkham, Senior Programme Officer, UNODC

I. Overall progress towards sectoral outcomes and results

Background: There are three problems related to illicit drug issues in the Lao PDR. First, the country has again become a significant producer of opium. Second, drug use, in particular the use of Amphetamine-type Substances (ATS) or Ya-Ba, appears to be on the rise. Third, significant quantities of opiates, ATS and precursors continue to be trafficked through the Lao PDR to neighbouring countries from where some of it is re-exported to markets with higher purchasing power and demand.

Progress to tackle the three problems: The Lao Government revised and endorsed the National Drug Control Master Plan (2016-2020) which set 9 priority activities, and also reformed the Government structure in this sector by transferring the Lao National Commission on Drug Control and Supervision (LCDC) to Ministry of Public Security. In addition, the Lao Government is focusing on implementing activities on Community-Based Treatment (CBT) and alternative development for replacing opium poppy cultivation within the 9 prioritized activities.

Challenges: Several challenges are recognized as follows; not enough activities on raising awareness for prevention of illicit drug use, necessity of further cooperation with health authorities especially in the context of CBT activities, lack of financial supports by both the Lao Government and development partners for implementation of the Master Plan, necessity of legislation improvement, further close coordination among stakeholders in the sector including LCDC, line ministries and authorities, development partners to focus on prioritized activities in the Master Plan.

Opportunities: By using the momentum of the Government’s structural reform in this sector and establishment of the new Master Plan, it would be a good timing for the line authorities to review the structure and responsibilities of each authority to implement prioritized activities in the Master Plan.

II. Overview of Sector Performance in 2017

Sector outputs and activities	Progress	Challenges and opportunities
A. Thematic (substantive) areas		
1. Actions/activities relating to the 12 th HL RTM key recommendation/discussion points		
13.1 Promote a public health approach and address issues relating to the country’s vulnerable youth	<p>Treatment and vocational training for drug addicts are prescribed as one of the 9 priorities in the National Drug Control Master Plan (2016-2020). Currently, the Lao Government is promoting evidence-based treatment modalities, including Community-Based Treatment (CBT) approach which has been piloted in Vientiane since 2012.</p> <p>As an example of the CBT, there is a rehabilitation center for drug addicts at Sisattanak District Hospital in Vientiane where UN secretary-general Ban Ki-Moon visited in September 2016. The center offers treatment and counselling services for about 170 drug users. In addition, medical staff have received training on drug treatment and counselling approaches, and visited other hospitals to learn from experience of other medical practitioners. This CBT program is supported by UNODC and US. CBT</p>	<p>Promotion of prevention activities is a challenge. Prevention is better than cure. To reduce the number of drug addicts, raising awareness such as consequences of drug abuse is important to prevent people from using illicit drugs, especially adolescents. Although raising awareness is one of the priorities in the Master plan, activities are not implemented efficiently and effectively due to lack of funds.</p> <p>To expand activities of CBT further cooperation with the Health sector is required since the CBT approach is related to the National health systems, for example health centers in</p>

	<p>was expanded to a total of 13 locations in 2016, and is in the process of being expanded to further 15 locations.</p> <p>Furthermore, the government of Lao works with the Colombo plan and UNODC to organize trainings for national trainer teams in order to create a team of national master trainers on evidence-based drug treatment. The trainings are funded by the United States.</p>	<p>local areas play a key role to remove important barriers to access for people who are addicted by drug use and dependence therefore medical staff need to understand treatment and counseling approaches appropriately.</p> <p>While pilot projects have been implemented and expansions are on-going, there is a need to enhance the availability of evidence-based drug treatment in the country. There is also a need to raise awareness about the existence of current CBT centers, e.g. through advertisements in newspapers, hotlines or similar.</p> <p>There is also a need to expand vocational training services to patients that have undergone treatment, in order to ensure proper reintegration into their local communities.</p>
<p>13.2 Enhance measures to address illegal wildlife trafficking</p>	<p>During the last year, the government of the Lao PDR has shown a strong will to tackle issues related to illicit timber trafficking, inter alia through the Prime Minister's decree number 15 from May 2016, banning the export of unprocessed logs. Furthermore, the government through the Ministry of Public Security (MOPS) works actively with international partners to build capacities for investigating and prosecuting cases related to illicit timber trafficking, through UNODC supported trainings to Police, the</p>	<p>While a number of seizures of illicit timber have been made, particularly after the Prime Minister's decree number 15, a challenge is to complete successful investigations and prosecutions.</p>

	<p>Prosecutor's office and the Department of Forest Inspection (DOFI). In order to follow up the Prime Minister's decree, there was also in 2016 an increased focus on building capacities of the State Inspection Authority and Anti Corruption (SIAA), with a special emphasis on forest-related corruption.</p> <p>The Government of the Lao PDR is also working actively with UNODC to build border management capacities, in order to prevent illicit trafficking including of forest products.</p>	
<p>2. Other substantive actions/activities</p>		
<p>2.1 Policy, legislation and implementation</p>	<p>As a policy aspect, the Lao Government has revised and approved the Drug Control Master Plan (2016-2020) in May 2016, which outlines a series of 9 priority areas including;</p> <ol style="list-style-type: none"> 1) Formulation and improvement of legal instruments concerning narcotic problems 2) Data/Information collection and analysis 3) Education/Training/Dissemination of the laws and adverse consequences from drug abuse 4) Treatment and vocational training for drug addicts 5) Alternative development, replacing opium poppy and cannabis cultivation 6) Law enforcement 7) Precursor control, analysis and test of drug addicts 8) International cooperation 9) Streamlining the organizational machinery of the national commission for drug control and 	<p>The overall challenge related to implementation of the Master Plan is a shortage of funds from both the Lao Government and development partners to implement the Master Plan. From a perspective of legislation, legal instruments need to be improved to ensure the structure and responsibilities of each authority in the central and local levels, and the Border Liaison Offices. At the same time, it is necessary that a legal framework prescribes the treatment and vocational training facilities for drug addicts, and the forensic laboratories.</p> <p>Ultimately, implementation and enforcement of laws/regulations are the most important part. How related authorities cooperate</p>

	supervision at central and local level	and implement activities towards the objectives of the Master Plan is still unclear.
2.2 Governmental structure reform	The Lao National Commission on Drug Control and Supervision (LCDC) takes lead on coordinating the Lao PDR's response to illicit drug issues by working with relevant agencies including Ministry of Public Security and Ministry of Public Health, and has traditionally sorted under the Prime Minister's Office. In June 2016, LCDC was transferred to the Ministry of Public Security, aiming at increasing cooperation with the security authority.	As a challenge and an opportunity for improvement of coordination and effective implementation of the Master Plan, now LCDC is under Ministry of Public Security so there might be a possibility that the role of LCDC to lead this sector would be strengthened through close cooperation and information sharing among the security authorities.
2.3 Reduction of opium poppy cultivation and alternative development	<p>Reduction of opium poppy cultivation and promotion of alternative development is one of the 9 priorities in the Master Plan.</p> <p>The Lao Government is delivering alternative development projects to replace opium poppy cultivation and establish sustainable alternative livelihoods on opium growing communities. Currently, programming is implemented in the Houaphanh province, supported by UNODC, US and Luxembourg. The project is implemented based on a long-term approach, focussing on building sustainable farmers' organizations around selected alternative crops.</p> <p>In addition, the Lao Government conducted a survey on opium poppy cultivation with UNODC and US in 2015. The results of the survey are extremely valuable to know the situation of the cultivation in the Lao PDR, and offer evidence and rational reasons for development partners to</p>	No opium survey has been produced since 2015, due shortage of funds. This limits the opportunity to follow developments and monitor the effects of Alternative Development interventions.

	support in this sector. Funding was not available to conduct the survey in 2016.	
3. Communication and outreach activities with the sector and across SWGs	<p>So far there was no collaboration on this crosscutting drug issue among SWGs but there is a possibility to work together with the following SWGs to address the challenges in the future:</p> <p>Health SWG: Treatment issue could be discussed with close cooperation with Health SWG to expand the CBT approach as mentioned at the part of 1.</p>	

Table: Seizure of illicit drugs in Lao PDR from 2008 to 2017

<i>Year</i>	<i>Heroin (Kg)</i>	<i>Opium (Kg)</i>	<i>ATS (tablets, million)</i>	<i>ICE (Kg)</i>	<i>Cannabis (Kg)</i>	<i>Cocaine (Kg)</i>	<i>Arrested foreigners</i>	<i>Arrest cases</i>
2008	17.5	11.8	1.2	0		2	6	222
					805			
2009	29.3	49.9	2.3	0	976	0.1	20	473
2010	84.3	86.5	24.5	0	3,521	0	16	581
2011	43.4	63.9	4.6	0	1,617	0	77	1,037
2012	45.0	87.6	10.1	0	2,836	0	41	1,223
2013	287.8	89.7	15.1	26.5	5,484	10.5	44	1,434
2014	181.8	12.8	3.8	19.4	1,233		65	1,868
2015	134.8	51.6	6.3	141.9	3,258		90	2,258
2016	221.04	137.5	2.86	144.0	462,988		85	2,752
2017	68,35	0	1.9	93	2,966.5		40	1,403
*		84,20						

Source: LCDC (* first 6 months for 2017)

Macroeconomics (MWG)

Name of Sector Working Groups: Macroeconomics Working Group

Chair of WG: Ministry of Planning and Investment

Co-Chairs of WG: Asian Development Bank
World Bank

SWG Secretariat Focal Points:

Government Officials:

- Mrs. Phonevanh OUTHAVONG, Director General of Planning Department
- Dr. Bounleua SINXAYVORAVONG, Director General of Fiscal Policy Department
- Mrs. Manola MOUNGMANY, Deputy Director General of Monetary Policy Department

Development Partners:

- Mr. Jean-Christophe CARRET, Country Manager – World Bank
- Mr. Yasushi NEGISHI, Country Director – Asian Development Bank

Technical Supporting Staffs:

Government Officials:

- Mrs. Sisavanh DIDARAVONG, Deputy Director General of Planning Department
- Mr. Somxay THAMMAPHAT, Director of Division
- Mr. Thiphaphone PHONGVICHIT, Staff of DOP/MPI
- Mr. Khouankham VONGKHAMSAO, Staff of DOP/MPI

Development partners:

- Mr. Soulinthone LEUANGKHAMSSING, Senior Economics Officer, ADB Resident Mission
- Mrs. Keomanivone PHIMMAHASAY, Economist, Lao World Bank Office

I. Overall progress towards sectoral outcomes and results

The Lao PDR economic growth moderated to 7 percent in 2016 and a projected less than 7 percent to around 6.83% at the end of 2017 with GDP per capita of USD2,472. Flat output in mining, stronger control on public spending, lower tourist arrivals and moderating credit growth were partly offset by increased power generation capacity, higher agriculture production and output in manufacturing, especially from two special economic zones. An additional 250MW of power generation is expected to come on stream in 2017, bringing total installed capacity to around 6,600 MW, most of which is exported. Manufacturing exports continued to expand as new companies entered the two special economic zones while a good harvest and some recovery in commodity prices gave a boost to agriculture and mining exports. On the other hand, delays on some power projects as well as a tighter fiscal stance resulted in slightly slower

investment activity. Output in mining stagnated due to lower grade ores at one of the mines. The trend of declining number of tourist arrivals during 2016 continued in the first half of 2017. Weak oil prices, well-stocked food markets and moderating demand kept inflation pressures subdued.

The fiscal deficit in 2017 is projected to reach 6.52% of GDP in FY2017¹³. The removal of exemptions on fuel imports in 2016, recovering commodity prices (resulting in higher royalties and import duties) as well as efforts to expand tax base and improve compliance helps offset the impact of moderate economic growth. However, revenues are likely to remain below target levels which have to adjust spending, including stronger control on purchase of goods and services and lower transfers. Public debt is expected to edge towards 70 percent of GDP by the end of 2017¹⁴.

Monetary conditions remain unchanged; the exchange rate has been more flexible in 2017 while parts of the financial sector continue to be exposed to significant risks. There were no major changes to the monetary policy instruments as inflation pressures remain low and growth rate of credit stabilized around 15 percent yoy in real terms. Greater flexibility in the exchange rate during 2017 helped reverse some of the appreciation in recent years and may lower pressures on foreign reserves. Using the full flexibility of the +/- 5 percent band can help balance the exchange rate stability objective with competitiveness concerns. Parts of the financial sector remain undercapitalized while the quality of the loan portfolio deteriorated slightly. The ongoing restructuring of two state-owned banks and the revamping of the legal and regulatory framework for the sector should help lower risks.

Outlook and challenges

The outlook for the economy remains favorable for the Lao economy as growth rate will continue to be driven by the energy sector particularly hydropower. ASEAN integration provide more opportunities for the country in some sectors such as agriculture, tourism, retail trade as well as some manufacturing. These sectors have significant potential to create jobs and thus lower poverty further. The government's 5 years budget plan aims to reduce budget deficit would help lower the public debt as a share of GDP. The government's plan to reduce public debt by introducing a number of measures in 2017 and 2018 will also contribute to the declining of the public debt. Revenues are expected to increase as a result of planned to increase excise tax rates, strengthened revenue administration, improved tax-payer services and the launch of modern revenue management information system. Spending will be closely monitored and controlled through strong check over the wage bill and reducing public recruitment (2018 recruitment will further reduce to 3000 quotas from 5000 this year), cancellation of some of the public investment projects as well as reducing nonessential spending. Improved

¹³ Budget 2017

¹⁴ EAP October 2017

public spending efficiency and service delivery can improve living conditions and help lower poverty. The external account is expected to increase in 2018 as a result of the an increase in import content of the infrastructure projects, including the railway, but enter a declining trend as the power generation capacity comes on stream and increases exports. The current account will continue to be financed by FDI and external borrowing, increasingly on less concessional terms¹⁵.

II. Overview of sector performance in 2017

Sector outputs and activities		progress	Challenges and opportunities
A. Thematic (substantive) areas			
1. Actions/activities relating to the 12th HL RTM key recommendation/discussion points	2016 RTIM key discussion points		
<p>1.1 The 8th NSEDP needs a strong link with the fiscal framework and a financial strategy with proper costing to ensure its affordability – an introduction of an integrated approach to leveraging development finance</p> <p>1.2 Operationalization of the 8th NSEDP M&E framework (LDC and SDGs integrated) through participatory and inclusive process</p> <p>1.3 Development of a new MTEF (including PIPs) linked to NSEDP</p> <p>1.4 Development of a concept/plan for how green growth model can be incorporated into the national planning process</p>	<p>1.5 Discussion Point 5 – 2016 RTIM) – Risks and Vulnerabilities - The</p>	<p>Completed incorporating the green growth model into the 8th NSEDP and up to now, the focal point (MPI) closely</p>	<p>The link between planning and budgeting and realistic capacity of financing sources still a challenge.</p>

¹⁵ EAP October 2017

Sector outputs and activities		progress	Challenges and opportunities
<p>2.5 For the Government to accelerate reform in the tax system and PFM reforms and budget transparency; and to widen the tax base and for the development to support this</p>	<p>Government and development partners and other stakeholders shared common observation that Lao PDR is susceptible to domestic shocks and has a limited buffer in the economic, human and environmental areas. Making Lao PDR more resilient is a common agenda for us all, since addressing these vulnerabilities is central for LDC graduation.</p> <p>1.6 (Discussion Point 12 – 2016 RTIM) - Greater public private partnership is strongly encouraged in order to realize the goals and objectives of the 8th NSEDP</p>	<p>work with NIER, World Bank and GGGI to formulate green growth strategy and establish green growth center.</p> <p>The Department of Investment Promotion is currently drafting the PPP Decree and expected to submit to the Government Cabinet for approval soon.</p>	

Sector outputs and activities		progress	Challenges and opportunities
2.6 Adjust budget allocations to ensure sustainable development beyond salaries and for development	including SDGs and LDC graduation	In response to tight fiscal liquidity, MOF strengthened tax administration by taking stocks of tax payers units, introducing tax payments through the banking system, increased excise tax rates on luxury goods, remove exemptions on vehicle and fuels imports related to investment projects. MOF with support from IMF and WB conducts tax policy and administration review in 2017.	Timely production and publication of key data is still a challenge
2.7 Report transparently on how budgets have been spent			
2.8 Promote systematic budget allocation to the province, district and village levels (beyond salaries)			
3.1 Strengthen capacity for macroeconomic and fiscal management			
3.2 Provide quarterly economic data (budget execution, public debt, monetary date, financial sector stability indicators)			
3.3 Reform tax policy and administration framework to increase tax base, review exemption policies, simplify tax payment, and introduce and simplify insurance of unique tax ID			
3.4 Keep tight control over expenditure and re-allocate spending to more efficient uses			
3.5 Increase fiscal buffers and strengthen prospects for fiscal sustainability			
3.6 Keep credit growth in line with objectives of low inflation and financial sector			

Sector outputs and activities		progress	Challenges and opportunities
<p>stability</p> <p>3.7 Sustain competitiveness of the real exchange rate</p> <p>3.8 Revenue Generation There was an acknowledgement across national and international stakeholders of the importance of the initiative of the Government of Lao PDR in strengthening domestic revenue generation as the core source of sustainable development financing. This is a clear priority area going forward, alongside that of the introduction of Medium Term Expenditure Frameworks, which would significantly assist development partners in the alignment of development cooperation.</p>		<p>The findings will be the basis for designing tax reforms. MOF plans to prepare income tax law, revise VAT law, revise excise tax law in 2018</p> <p>Civil service recruitment was reduced to 3000 quotas, largely to replace retirement. Ministry of Home Affairs also develops job description and performance based assessment. The aim is to improve efficiency of public servants and public service delivery going forward.</p>	

Health (HSWG)

Name of Sector Working Group: Health Sector Working Group

Chair of SWG:

Minister of Health

H.E. Asso. Prof. Dr. Bounkong Sihavong

Co-Chairs of SWG:

H.E. Takeshi Hikihara, Ambassador of Japan

Resident Representative - World Health Organization (WHO)

Dr. Juliet Fleischl, Representative

Head of SWG Secretariat

Dr. Bounfeng Phoummalaysith, Director of National Health Insurance Bureau, MOH

Dr. Phasouk VONGVICHIT, Deputy Director General, Department of Planning and International Cooperation, MOH

Secretariat (Government):

Ms. Toumlakhone Rattanavong, Chief of International Cooperation Division, Department of Planning and International Cooperation, MOH;

Dr Viengmany Bounkham

Deputy Chief of International Cooperation division, Department of Planning and International Cooperation, MOH;

Dr. Souphaphone Sadettan, Deputy Chief of International Cooperation division, Department of Planning and International Cooperation, MOH;

Secretariat (DPs):

Dr Obara Hiromi, Health Policy Adviser, Jica Lao office

Dr Monica Fong, Health Coordinator, WHO Lao office

I. Key achievements and results of the Health Sector:

- Since the policy frameworks of the 8th Health Sector Development Plan (2016-2020) has been set, based on 2017's AOP implementation we have mostly achieved the main NA's indicators, especially the number of MCH mortalities has less than expected target.
- 2017 is the first identified and starting year on health and health related SDG goals, targets and indicators that have been finalized in line with the 8th NSEDP for reaching LDC in 2020, for UHC in 2025 and for SDG in 2030 as international

agenda. This is the highest priority of the phase II of the Health Sector Reform which integrated into the health sector development plan and monitoring framework.

- The Key health outcomes and output indicators have been improved as showing the major progress, particularly in the area of maternal & child health and nutrition, strategically we have implemented the convergence action plan from different sectors.
 - First, on the area of human resources for health, there is 75% of health centers now have at least 1 midwife and 85% of health center can provide normal delivery.
 - Second, on Health Financing, the health budget has increased since 2012-13 and up to date we are planning for 9% targeted including ODA. However, the Total Health Expenditure (THE) per capita was still low comparing to GDP as the lowest in the ASEAN (WHO, 2014). The Out of pocket payment and percentage of External Sources on health is very essential to share at least one third respectively.
 - Third, the Maternal and Child Health, from the recent Lao Census Report shows the Maternal Mortality Ratio at 206 per 100,000 live births; mortality rate amongst children under 5 year of age was 86 per 1000 live births and 57 per 1000 live births amongst children less than 1 year old. These figures show a declining trend, compared to data from previous reports. The national average of DPT-HepB coverage is at 74%.
 - Fifth, nutrition figures, as latest Nutrition Survey showed that the ratio of child malnutrition (stunting-low height for age) was reduced to 36,5% in 2015 from 44% year 2011/12 and underweight is 25,5% in 2015 as reduced from 28% in 2011/12 while waiting for the coming LSIS II result that will be soon.
 - Sixth, for clean water and latrine utilization rate are mostly achievable but we need to review together with the concerned agencies and local authorities including Community Led Total Sanitation, maintenance and disaster issues.
 - Seventh, on Health Insurance coverage has been improved for social health protection schemes as now cover about 71% of the total population for the newly introduced National Health insurance Scheme (such in 2015 was only 32%).

II. Sector vision and priorities:

- The sector's vision in 2025 is to reach Universal Health Coverage and in 2030 is to ensure healthy live and well-being promotion for all. By 2020, to improve access to basic health services and financial protection by implementation Health sector Reform Phase II (2016-2020) which is very essential. The five priority areas must be emphasized such as: (i) Human Resources for Health; (ii) Health financing; (iii) Governance, organization and management; (iv) Health service delivery and hospital management; and (v) health information system (HIS).
- Expected key outcomes of each priority areas: (i) Health Centre will have at least mid-level health workers including at least one midwife; (ii) increased coverage of the health insurance to 80%; (iii) SWC is aligned with the priority areas of Health sector Reform and three builds; (iv) define, deliver and expend health service

package nationwide (5 တိ 1 ဖံ့) and promote Public-Private-Partnership implementation and (v) further strengthen HIS by introducing ICT system with DHIS2 (it is an online software for data collection and data entry from all facilities from health centers) as now it has covered the whole country such to be **“one country one number one system”**.

- To implement the health sector Reform Phase II effectively, coordinated strategic & budget plans, and improved monitoring & reporting across programs are necessary. To ensure these Technical Working Groups (TWGs) as coordination mechanism could be aligned with the five priority areas with the eight programs. **(3.4.5.6.8) = 3 builds, 4 breakthroughs, 5 pillars, 6 building blocks, 8 programs**).

III. Challenges and lessons learnt:

- Even though, MMR, IMR and others indicators have been reduced but still at the highest in the region. The quality of health services needs to be improved for UHC as quality is linked to technical capacity which is very challenging especially in the remote areas.
- The limited resources with both human and financial resources to the health sector have increased but continue to be major bottlenecks in the sector such to scale up quality health service delivery. Secondly, to ensure equitable access to health services without financial hardship, particularly the health sector is entering the health financial transition where some major external funds are reducing or leaving. If other financial sources (e.g. domestic sources) do not cover the gaps, out-of-pocket payment could be increased consequently.
- Other sectors' support is essential, firstly, further reduce maternal & child mortalities and malnutrition of children are related to many factors (e.g. road accessibility, poverty, maternity leave in labor ensuring breastfeeding and trustily culture), and secondly, to improve fiscal spaces for social health protection (e.g. sin tax for tobacco and alcohol), and finally, the implementation of PPP.
- Local authorities' support in community mobilization and sub-national levels' (provinces districts and village levels) contribution in implementing priority programs are the most potential for building as sustainable mechanism (from people, by people and for people).

IV. Support needed and way forward:

From the government:

- Ensure stronger support and collaboration from other sectors in implementing health sector reform by holding the National Commission regularly and HSR needs to be updated for ensuring healthy lives and well-being promotion for all.
- Allocate more quotas for staffing in the remote areas focusing where mostly challenges because health center couldn't be better without female midwife.

- Allocate at least 9% of the national expenditure to the health sector in order to increase the total health expenditure for our people's health needs as appropriate requirement.

From development partners:

- Jointly and effectively support on sector planning-budgeting, implementation and monitoring by the sector committees to each pillar and program support from different partners such targeting for LDC, UHC and SDGs.
- There is the best opportunity to be harmonized and aligned for combination mechanism with, firstly, the technical coordination from each department. Secondly, health sector reform and thirdly with the three build committee to be the core team as agreed by the Ministry of Health.
- Therefore, on this occasion, once again, I'd like to declare and welcome to our Development Partners to continue in joining the technical team of your concerned areas in earlier as better and effectively coordination for our achievement together.