



LAO PEOPLE'S DEMOCRATIC REPUBLIC
Peace Independence Democracy Unity Prosperity

Annual Round Table Implementation Meeting (RTIM)
Vientiane Capital, 22 November 2011

CONSOLIDATED PROGRESS REPORTS
OF SECTOR WORKING GROUPS

Ministry of Planning and Investment
Department of International Cooperation

TABLE OF CONTENTS

Sector Working Group Report

Introduction.....	1
Macroeconomics and Private Sector Development.....	2
Education	5
Health.....	22
Infrastructure	33
Governance	46
Agriculture, Rural Development and Natural Resource Management	58
Illicit Drug Control.....	69
Mine Action	76

INTRODUCTION

The Ministry of Planning and Investment, Department of International Cooperation, is pleased to present this compilation of the submissions from each of the Sector Working Groups in preparation for the 2011 Round Table Implementation Meeting (RTIM) on 22 November 2011.

Sector Working Groups have been working throughout the year by coordinating and consulting with the numerous stakeholders in each sector to ensure effective and harmonized efforts at achieving the development goals embodied in the 7th National Socio-Economic Development Plan (NSEDP) for 2011-2015 and the Millennium Development Goals (MDGs). The work of the Sector Working Groups is a fundamental element of the Round Table Process, which includes the Round Table Meetings held every three years and the annual RTIMs, and functions as the main platform for aid effectiveness and coordination between the Government and Development Partners.

This report has been prepared as a reference for participants of the RTIM, to provide an overview of the achievements and progress in each sector during the past year (2010-2011), the priorities and strategies that each sector will be pursuing in the next year to ensure implementation of the 7th NSEDP and efforts to achieve the MDGs.

The Ministry of Planning and Investment, Department of International Cooperation, would like to express its gratitude and appreciation for the work and contributions of the Sector Working Groups throughout this year and in the lead-up to the RTIM.

MACROECONOMICS AND PRIVATE SECTOR DEVELOPMENT

General Information

Sector Working Group: Macroeconomic Issues and Private Sector Development

Sub-group: Trade and Private Sector Development

Chair: Ministry of Planning and Investment

Co-Chair: Asian Development Bank

Members of the Working Group: Ministry of Industry and Commerce (MOIC), Ministry of Finance (MOF) and Bank of Lao PDR (BOL).

SWG Secretariat: Department of Planning, Ministry of Planning and Investment

Souphanouvong Ave, Sikottabong District

Vientiane Capital, Lao PDR

Tel/Fax: 021-216752

Macroeconomic Issues and Private Sector Development SWG Objectives

The main purpose of the SWG/MPSD is to bring together national and international partners to support the design and implementation of strategies, reforms, programmes and related resources, and provide advice and options in this regard for consideration and implementation by respective Government Agencies and/or Development Partners.

The specific objectives of the SWG/MPSD are to:

- Ensure the government leadership and ownership over the design and implementation process of strategies, policies and resources within the reach of the SWG
- Improve inter-ministerial coordination and consensus building on cross-cutting issues related to the SWG
- Build strong links of complementarity between planning (design of costed development strategies) and budgeting functions (domestic and external resources allocation and mobilization) for the achievement of agreed goals and objectives
- Enhance policy dialogue, share information and build strong and constructive partnership with Development Partners in the areas of Macroeconomics and PSD
- Ensure links with the deliberations and outcomes of the Lao Business Forum
- Integrate strategic discussion and consultation on Public Financial Management, NSEDP implementation, Trade Integrated Framework, Monetary Policy, and PSD overall policy within the SWG mechanism and its associated Sub-Working Groups

- Support and facilitate decision-making by government authorities concerned in a consensual and predictable manner within the spirit of partnership between GoL and national and international stakeholders

Background and Process of Consultation

This year, the meetings on Macroeconomic Issues and Private Sector Development SWG were conducted two times for technical and executive levels.

The Technical Consultation was organized on November 2, 2011 at the Ministry of Planning and Investment. Three presentations were presented at the meeting such as, Macroeconomic Management and Millennium Development Goals: Progress and Challenges, Public Financial Management Strengthening Programme (PFMSP) – Medium Term Implementation Plan (2011-2015) and Overview of Trade and Private Sector Development Sub Working Group.

The Executive Consultation was organized on November 8, 2011 at the Ministry of Planning and Investment. There are four presentations presented to the meeting such as, National Socio-Economic Development Plan 2010-2011 (Implementation) and National Socio-Economic Development Plan 2010-2011, Investment Policy and Registration, Fiscal Target and Budget Plan for NSEDP Implementation (2011-2015) and Key Achievements of Trade and Private Sector Development Sub Group.

Apart from those annual meetings, a number of meetings were organised to disseminate the National Socio-Economic Development Plan and State Budget Plan in both central and provincial levels (Luang Prabang, Savannaket and Attapue). The aim is to officially disseminate the plan to sectors and provinces in order to improve coordination and effective implementation of the plan. In addition, several consultations on public investment programme management were organised in order to improve the effectiveness and efficiency of the public investment that consist of government budget and ODA, funded projects.

Macroeconomic Achievements FY2010-2011

- Overall, during the FY2010-2011, the country has experienced steady and strong economic growth. The GDP grew at 8.3% according to the April 2011 projection. The service sector accounted for the largest share of GDP and is shown as follow:
- Agriculture-Forestry grew at 2.8%; accounted for 27.7%
- Industry grew at 18%; accounted for 27.6%
- Service grew at 6.3%; accounted for 38.7%
- Import Duties accounted for 6% of GDP

The inflation rate was slightly higher than that of the year 2009-2010 and reached 7.42% at the end of this fiscal year. Moreover, the government budget revenue reached 13,155.16 billion kip (the plan was 13,021.65 billion Kip) or accounted for 21.4% of GDP, while public expenditure equalled 15,981.25 billion kip (the plan was 15,160.22 billion kip) or 26.1% of GDP. Budget deficit was higher than the plan, with the value of 2,826.09 billion kip or 4.6% of GDP (the plan 2,138.57 billion kip).

The country's exports reached USD 1,856.36 million, resulted from an increased in the export of minerals and mineral products as well as agricultural products. Imports' value was USD 2,323.01 million as a result of the rise in import of vehicles and parts, electronic goods, construction materials and clothing.

Results from Pre-Consultation Meetings

Macroeconomic Management in NSEDP 2011-2012

In the FY2011-2012, the plan aims to ensure the GDP growth rate of 8.3% with the expected share of GDP as follow:

- Agriculture and Forestry sector to grow at 3.5% to form 26.5% of GDP
- Industrial sector to grow at 16.8%, to form 29.6% of the GDP
- Services sector to grow at 6.7% annually, to form 38.2% of the GDP

The total investment of FY2011-2012 is approximately 23,300 billion kip or 33% of GDP of which, government budget accounted for 9.4%, ODA 24.5%, private investment (domestic and foreign) 53.2% and domestic credit 12.9% of total investment of FY2011-2012.

Maintain the inflation rate lower than the GDP growth rate and control an increase of M2 at the appropriate level compared to the previous year. Moreover, the country's foreign reserves should cover at least six months of imports. Continue flexible exchange rate policy, managed by the Government; the fluctuation of the kip value against major currencies should be at a maximum/minimum level of 5% per annum. Furthermore, the plan is expected the revenue of 15,726 billion kip. The export value is expected to be approximately USD 1,620.46 million and imports are expected to reach USD 1,418.67 million.

EDUCATION

General Information

Education Sector Working Group (ESWG) structure:

- **Chair:** Ministry of Education and Sports; Co-chairs: Australia and UNICEF
- **Secretariat:** Department of Planning and Cooperation, Ministry of Education and Sports (Mr. Sengsomphone Viravouth, Director-General, <sengsomphonep@gmail.com>)¹
- **Executive** and **Technical** levels

ESWG-supported forums and groups:

- *Focal Groups:* for deeper analysis and technical discussion at sub-sectoral level: (1) Basic Education (2) Post-Basic Education (3) Planning, Finance and Monitoring (4) Research and Analysis. The establishment of a 5th group Disaster Management, is being discussed.
- *MoES- INGO Forum:* initiated in August 2011 to enhance coordination and linkages between policy and implementation at grass roots level.
- *Provincial level:* Provincial Coordination Meetings piloted in Luangnamtha, Oudomxay and Phongsaly to facilitate aid coordination at local level.

ESWG objectives:

- Promote the development of the education sector through implementation of the Education Sector Development Framework, with attention to gender equality, in order to achieve the EFA and Millennium Development Goals.
- Provide a mechanism for government and development partners to engage in joint review, planning and prioritization, resulting in the production of an annual jointly agreed, prioritized and costed sector plan, based on the Education Sector Development Plan (ESDP), the National Education System Reform Strategy (NESRS), Education Sector Development Framework and Performance Assessment Framework, and aligned with Government planning and budget cycles.

¹The Ministry is currently undergoing an internal restructure following the recent incorporation of the National Committee for Sports into the Ministry of Education. It is not yet confirmed where ESWG will be institutionally located as a result of the restructure.

- Mobilize and encourage the efficient use of combined domestic and external resources and increase the transparency and predictability of Development Partner assistance within the education sector.
- Support the achievement of specific aid effectiveness milestones as set out in the revised Vientiane Declaration Country Action Plan 2007-2011.
- Establish linkages, facilitate coordination and promote dialogue and discussion on key sectoral issues within the Government through the Ministry of Education and Sports and Development Partners.

Background and Process of Consultation

Overview on formulating annual sectoral plan that feeds into the NSEDP framework

The Education Sector Development Plan 2011-15 was developed through a series of consultative meetings culminating in formal endorsement of the plan by an Executive level ESWG meeting in June 2011. The ESDP is closely linked to the National Education Reform Strategy (NESRS) and Education Sector Development Framework (ESDF), two key policy documents that have been endorsed by the ESWG. The ESDF Policy Planning matrix identifies the 19 policies and 96 strategies of the ESDF and includes targets, necessary legislative work and identification of responsible units. With support of the EU, the MoES has developed a new approach to annual planning through an Annual Costed Sector Education Plan (ACSEP) process at both central and provincial levels. These ACSEPs are closely linked to the Education Sector Development Framework Policy Planning Matrix. Each province has submitted draft ACSEPs, prior to National Assembly approval of the 2011/12 budget and these are now being revised to fit within the approved fiscal ceilings, together with the central ACSEP.

The ESWG has also endorsed an annual monitoring process which links to both the ESDF Policy Planning matrix and the ACSEP to ensure that implementation can be tracked. Part of this plan is an Annual Joint Sector Review Mission, conducted near the end of the school year with participation of both government and development partners. The first Joint Sector Review Mission was conducted in March/April 2011, and the outstanding agreements will be incorporated into the ACSEP 2011-12.

An ESWG pre- RTIM consultation meeting was held on 20 October 2011 (ESWG Technical Meeting).. A draft report, based on the MPI/DIC template together with a document detailing progress made by ESWG against relevant actions of the Vientiane Declaration Country Action Plan was circulated prior to the meeting. A second special ESWG meeting to discuss findings of a recently conducted Rapid Assessment Survey of Barriers to Achievement of MDG2, including education authorities from all 17 provinces is to be held

on 8th November. The draft findings from the Rapid Assessment Survey of Barriers to Achievement of MDG2 will be circulated prior to the second meeting.

Results from Pre- RTIM Consultations

The policies and strategies identified in the National Education Reform Strategy and the ESDP Policy Planning Matrix are the core principles for the effective implementation of the Education 5-Year Plan (2011-2015) - ESDP. For each strategic area, activities necessary for achieving the objectives of the strategic area have been identified.

Progress of 1st Year 7th NSEDP (FY 2010-11) implementation and especially progress and challenges towards achieving the relevant MDGs

Key priorities and work plan for the 2010-2011 annual implementation plan

The four breakthroughs of the Resolution of the 9th Congress of the Lao People's Revolutionary Party included key education targets to ensure that by 2015 all Lao people finish compulsory primary education and that a gross enrolment rate of 75 percent is achieved for lower secondary school. Thus, these two areas were also priority targets of the ESDP, particularly for financing. At the same time, a renewed emphasis is placed on quality improvements, including curriculum renewal, teacher upgrading, provision of new textbooks and improved monitoring at all levels. Post-basic education levels aim to provide adequate numbers of skilled people to support further economic and social development, in line with the needs of the 7th NSEDP. A priority was to improve sector management through greater reliance on policy led planning and results-based decision-making in addition to strengthened monitoring and coordination between central and provincial levels.

Achievement of MDG2 is supported by a number of donors and significant support from INGOs, who collectively contribute approximately \$11 million per year to the sector representing 11% of total external funding to the sector. Funding has been boosted by a \$65.5 million program jointly funded by AusAID, the Global Partnership for Education (formerly called 'Education For All – Fast Track Initiative') and World Bank, which uses government systems to the maximum extent possible. The World Food Programme provided technical advice on the school meals sub-component of this program and UNESCO has assisted development of an equivalency program for the mobile teacher and out-of-school children sub-component. UNICEF is assisting development of community-based school readiness groups, and is continuing to support MoES to expand the Schools of Quality approach from pre-primary/primary to secondary level. JICA supports primary education in essential aspects including capacity enhancement for VEDC, primary education quality improvement especially science and mathematics education, as well as

improving the school environment. UNESCO is supporting capacity building for EFA in addition to assisting MoES to address the issue of out-of-school children.

At the post-primary level, continued ADB support will enable MoES to complete the process of reforming lower and upper secondary curriculum, including the rollout of new textbooks and teacher guides as well as nationwide secondary teacher training support the new curriculum. However, there is a need for further external support for upper secondary level, particularly for textbooks and curriculum development linked to the new M7 year. Following the ESDF Policy Planning Matrix, the DSE, with UNESCO support has developed a new curriculum for a vocational strand for upper secondary; however, there is no support for implementation. ADB are also supporting large-scale programs for strengthening of technical education and vocational training, as well as higher education. Germany, through GIZ and KfW, and Luxembourg are also supporting activities in the TVET sub-sector, which, together with ADB, will help strengthen linkages with the labour market demand. With a loan from China, model secondary schools will be provided at each provincial capital with a strong emphasis on use of information communications technology to support education. The Department of Teacher Education has updated the Teacher Education Strategy and Action Plan through to 2015 and identified minimum qualification standards for teachers at different levels. However, the challenge remains to deploy sufficient teachers to the very remote schools. Intake profiles to teacher education institutes suggest a possible future over-supply of secondary teachers and an undersupply of primary teachers and thus a review of intake policies is required.

MoES will work to improve the quality of education through the work of the Education Standards and Quality Assurance Center (quality assurance); Research Institute for Educational Sciences (assessment of learning outcomes); Strategic Research and Education Analysis Center (analytical work); Department of Pre-school and Primary Education (minimum standards); Department of Technical and Vocational Education Training (training qualifications); Department of Higher Education (enhanced relevance and capacity for quality improvement of higher education and increased equity and access in higher education); and the National Training and Skills Development Council (linkages of vocational training to labour market developments).

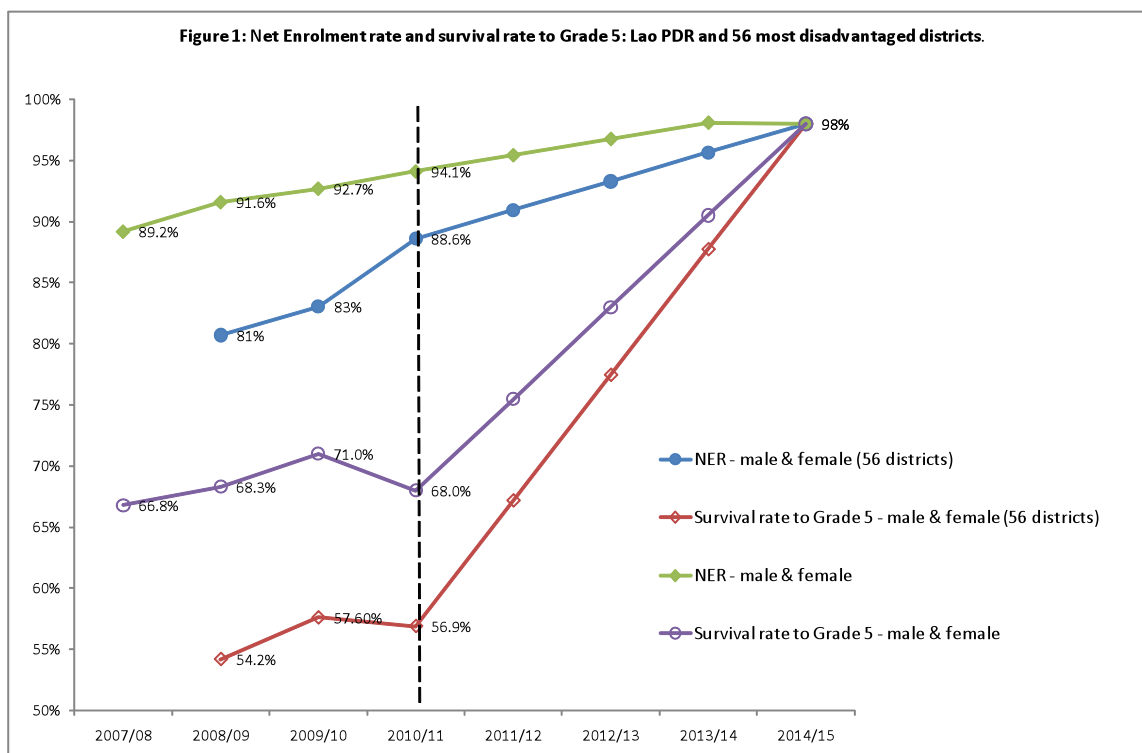
Key achievements driven by the sector and pending areas

Over the last year, the percentage of new entrants to Primary Grade 1 who have attended some form of organized ECCE program has increased from 27.6% for girls and 26.2% for boys to 32.4% for girls and 30.9% for boys. A holistic, multi-ministerial, cross-sectoral Early Childhood Education Policy has been submitted to the Government for approval, and a strategy and action plan are under development to ensure that children get the best

possible start in life from coordinated, quality programs. Steady progress towards achievement of MDG2 has been seen in recent years with both participation rates and survival rates to Grade 5 steadily improving. However data from school year 2010/11 indicated a deterioration of dropout rates at each grade level with a reduction in the numbers of children reaching the final grade of primary school. Significant differences between education outcomes between provinces and districts within provinces were also striking. It was not clear what is causing this increased dropout rate and why it is happening now after years of continuous improvements. It may be related to population mobility, more accessible economic opportunities for unskilled labour that outweigh economic rates of return for primary schooling, increased poverty among some sub-groups, some other factors or a combination of factors.

A joint rapid assessment survey was implemented in October 2011 to help identify the causes. Although results from this survey are still being analysed, it became clear that population mobility across district and provincial boundaries makes it challenging to identify those districts in most need of additional support. As a result, the annual school census will need to collect further information to more accurately track progress. Further analysis of the rapid assessment survey will identify remedial actions required.

The survey highlights that MDG2 will not be achieved if the current dropout rates continue, and that urgent action is essential to promote greater equity and reverse these negative trends if the goal of universal primary education is to be achieved within the narrow time-frame remaining. The findings of the rapid assessment survey reinforced the findings of the completion report from the JICA- funded Community Initiatives for Education Development project in the southern provinces concerning the importance of a strong Village Education Development Committee (VEDC), with ongoing support by District Education Bureaus (DEB). JICA will expand their project with a continuing focus on the key role of communities through a well-functioning VEDC. It is clear that further capacity building of DEB staff will be needed to adequately support VEDCs throughout the country, particularly in villages with incomplete schools and in villages where the majority of adults are illiterate.



Note: Points to the left of the dashed line are achieved results. Points to the right are projected targets to achieve UPE by 2015. *Source:* EMIS data.

Challenges to achieving MDG2 by 2015 also impact on achieving the 2020 target of graduation from Least Developed Country Status, as both include indicators on adult literacy rates. Recent survey data about the literacy rate among adults and young adults is not currently available, so it is not possible to assess Lao PDR progress on this MDG indicator. The most recent literacy survey (2001) gave a reported literacy rate of 72% (men: 80%, women: 65%) for the age group 15-59, and a tested literacy rate of 45% (men: 54%, women: 37%). The 2005 Census gave a reported overall literacy rate of 73% for the age group 15+ years. Literacy rates vary geographically and due to the mountainous and remote terrain, some rural villagers without road access are difficult to reach with educational programs. Table 4 shows this disparity:

Can read and write	1995		2005		2007/08	
	Male	Female	Male	Female	Male	Female
Lao PDR	74	48	83	63	72	56
Urban	92	78	94	85	88	81
Rural with road	69	41	81	59	69	52
Rural without road			68	41	55	35

Note: LECS 4 is a sample survey only, hence the apparent decline in literacy rates; *Source:* Lao Expenditure and Consumption Survey 4 and 1995 & 2005 Population Census, National Statistics Center

During the Joint Sector Review Mission of 2011, the MOES agreed to undertake a literacy assessment for the 15-24 year age group, and are developing plans for joining the global Literacy Assessment Monitoring Programme (LAMP) initiative, to further strengthen monitoring capacity in this area.

The education sector also has a major role to play in the achievement of MDG3 (Promote Gender Equality and Women’s Empowerment), since equality of educational opportunity is the foundation of MDG3. Gender disparity widens at post primary level, though is improving steadily at all levels of education except in technical and vocational education, although this is also expected to improve through the ADB and German government funded projects which place emphasis on improving access for young women. MoES has identified the 56 most educationally disadvantaged districts of the country on the basis of gender disparity and therefore places priority on improving gender parity. The MOES, with the support of ADB, is introducing an expanded needs-targeted stipend system for poor children (with a particular focus on girls and ethnic group children) at the secondary level, as well as a voucher system, targeting ethnic girls to encourage them to undertake skills training. Some INGOs also provide secondary level scholarships, particularly for girls. The Global Partnership for Education (formerly EFA-FTI) Program is providing scholarships targeting ethnic women to become teachers in order to increase the number of teachers in remote rural schools, and provide role models to encourage more girls from ethnic communities to enter the profession. An Inclusive Education Strategy and Action Plan to be finalized soon, based on the Inclusive Education Policy, will also strengthen the MoES approach to address bottlenecks to achievement of MDG3, ensuring that girls and women, as well as all people from different ethnic groups, people with disabilities, and other forms of social disadvantage, are able to enjoy their rights to quality education.

Table 5: Gender Parity	2005/06	2008/09	2010/11
Early Childhood Education	1.02	1.01	1.01
Primary	0.86	0.88	0.9
Lower Secondary	0.77	0.80	0.83
Upper secondary	0.73	0.78	0.8
TVET	0.64	0.62	0.62
University	0.62	0.74	0.76

Participation rates in lower secondary education continue to improve (67% for boys and 58% for girls) and are on-track to reach the EDSP target of 75% by 2015. Upper secondary participation rates, however, have not improved since 2008/09 and have declined slightly among girls (now 28% for boys and 21% for girls with the transition of grade 9 from Upper Secondary to Lower secondary in the academic year 2009/10, and addition of grade 12 to the Upper Secondary system the following year.

The MoES has contributed to the goals of the overall 7th NSEDP by increasing enrolments in technical and vocational education by 35% over the past two years and, with the assistance of GIZ, ADB and other development partners, will clarify the technical vocational teacher education system and continue to improve the links between technical and vocational education and labour market demands. Access to university education, which needs to be monitored and balanced with technical and vocational education, has improved with the expansion of public provincial universities and the continued expansion of the private sector.

Many children are living in remote locations without access to formal schooling and the Department of Non Formal Education has developed a non-formal primary school equivalency program. This is in addition to their continuing work in literacy and adult equivalency programs.

With the support of AusAID, EU and UNICEF, significant capacity building among central and provincial administrators has been achieved for a new policy-led decision making approach through the development of Annual Costed Sector Plans, linked to the ESDF Policy Planning Matrix. Instruments have also been developed to better understand provincial financing profiles through ability to calculate per-capita expenditure at different levels of education. This will enable monitoring of provincial compliance with national policy priorities.

Monitoring has improved with the development of an annual monitoring calendar (among the eight tools of the Performance Assessment Framework) and the first Annual Joint Sector Review Mission (JSRM) was implemented in April 2011 by MoES and development partners. Results from the JSRM informed the first Annual Sector Performance Report, which was prepared by the Department of Inspection, structured around the ESDF Policy Planning Matrix, and linked to the ESDP. Consultations on the pilot of Provincial Coordination Meetings (sector working groups at provincial level) indicated improved aid coordination at provincial level. The recent implementation of quarterly meetings convened by the Minister of Education and Sports at which Directors of each PES and DGs of all central line departments attend provides a strong framework for improved monitoring and coordination to guide ESWG planning more strategically.

The ESWG has recently undertaken an informal review of the Vientiane Declaration Country Action Plan², which indicates that most progress has been made in the areas of ownership, managing for results and mutual accountability, while alignment and harmonisation have proved more challenging. Progress on the Paris indicators in the education sector was also shared with the Global Partnership for Education (EFA-FTI) earlier in the year as part of a global review of aid effectiveness in education.

² As shared at ESWG Technical Meeting, 20 October 2011, and attached at Annex 1

A strengthened ODA database within the Ministry is enabling closer tracking of the alignment of aid flows with sector plan priorities, and close coordination with development of the Aid Management Platform, the Government's ODA Database, led by the Ministry of Planning and Investment. While progress has been made in developing diagnostic tools to assess institutional, organisational and individual capacity gaps, there is an increasing need for a harmonised capacity development framework to better align capacity development measures and support behind the sector strategy.

Currently 26% of projected ODA (the Global Partnership for Education -EFA-FTI Programme) for 2011-15 uses a program based approach, compared to a target of 40% for all sectors. This is slightly higher than the overall achievement of 18% for the country as reported in the Lao PDR chapter of the Paris Survey 2011.

Major challenges and proposed recommendations

- The urgent challenge is to ensure that fewer primary school students drop out and primary survival rates increase, especially in the most educationally disadvantaged districts, in order to get MDG2 back on-track by 2015. This will require increased financing, support to the remaining 87 districts outside the 56 most educationally disadvantaged districts supported by the Global Partnership for Education (EFA-FTI), and closer, more focused tracking of progress to achieve greater equity and close the gaps between the highest and lowest performing areas. Promoting community initiatives based on the VEDC for school improvement is also expected to play a key role for improvement of these indicators.
- A key issue revealed by recent analysis of EMIS data for 2010-11 is the continuing disparity between education outcomes for girls and boys in different districts, especially between the poorest and the better-off districts. Wide disparities between budget allocations for education between different provinces are also a key constraint to achievement of the MDGs for education. The large number of 1- and 2-teacher schools in rural areas is a major challenge to providing 5 grades of primary education to all children, especially for girls, and will require a significant increase in the MoES recurrent budget to complete these 'incomplete' schools.

Improved quality in the system is also essential to ensure that all girls and boys of all ethnic groups and language backgrounds are able to access the curriculum and learn effectively, so that parents are able to see a genuine cost-benefit in sending their children to school. The Ministry's Schools of Quality approach supports schools to achieve minimum quality standards in a holistic way. The standards include provision of water and sanitation facilities, which are crucial to creating a healthy, safe environment for children. EMIS data from 2009-10 shows that while children in Vientiane Capital have the best water and sanitation facilities, with 95 percent of primary schools provided with both toilets and

water, in Phongsaly and Saravane 61 and 60 per cent of primary schools have neither water nor toilets, indicating a serious challenge to achievement of the ESDP target of 50 percent water and sanitation coverage in schools by 2015.

A new Teacher Education Strategy and Action Plan recently developed with UNESCO support will also help address critical skills gaps for improved teaching and learning. To encourage teachers to take up remote postings, the Government has recently announced a policy to provide a 50 percent base salary financial incentive for civil servants who work for more than one year in remote villages.

- Continuing rural poverty is the key demand side constraint, which is to be partially addressed by the introduction of a ministry-managed school meals programme, but requires innovative solutions for looking at education more holistically, as part of the total rural development context.
- Increasingly, natural disasters are also impacting more heavily on school location, infrastructure and materials, and the losses incurred are putting more pressure on scarce resources, highlighting the need for a sectoral disaster preparedness strategy to minimize risks and streamline emergency response. Furthermore, during times of emergency, schools often become strategic flood-refuge zones and places of safety.
- In addition, as more children finish primary school, there is increasing demand for secondary education. More teachers will be needed as more classrooms are constructed, which will increase the wage burden on the MoES. This places additional pressure on provincial education budgets, which also need to provide sufficient funds to primary education in order to achieve MDG2. Lack of fiscal space in the government budget, particularly for non-wage recurrent, hinders quality improvements at all levels. Recent analysis of provincial financing indicates that in many cases, funding will not be insufficient to achieve MDG2 by 2015.³ Expansion of other sub-sectors also needs to be carefully planned to avoid competing demands for the limited budget, particularly the recurrent budget. The MoES now have powerful tools, including an updated financing model and revised annual planning format, to be able to analyse financing profiles across all provinces and inform decisions on prioritisation. .
- The capacity to implement reforms remains limited, particularly at district and school levels and more support is needed. Population mobility across districts and provinces hinders tracking of real progress towards MDG2 and school and district staff will need capacity building to collect the additional data required to more accurately monitor progress. It is recommended that analysis of MDG 2 related data from the 2011/12 school census be fast tracked to provide a clearer picture of actual progress before the end of 2011.

³ As shared at ESWG Technical Meeting, 20 October 2011

Priorities and programmes of 2nd Year 7th NSEDP (FY 2011-12) and beyond

Outline priorities and programs of the second year implementation plan (2011-2012), highlighting those that will directly address the challenges and accelerate progress towards the MDGs

The ESDP identifies the key priorities and programs for each year. The introduction of block grants and abolition of informal fees for basic education beginning financial year 2011/12 is the key priority for the 2nd year of the ESDP. Other priorities are: achievement of EFA goals by 2015; more balanced and equitable access to higher education and technical and vocational education from 2012; model schools for secondary education in all provinces by 2013; and a new curriculum with textbooks for secondary education completed by 2014.

A first priority will be to follow up on the recommendations of the MDG2 Rapid Assessment Survey in order to get MDG2 progress back on track. It is likely that introduction of block grants will be a key intervention, although the approved GoL budget for 2011/12 is insufficient to enable a national rollout of block grants, to the extent outlined in the ESDP. The current budget allocation will constrain abolition of informal fees across the country. MoES will continue to negotiate with the Ministry of Finance and development partners about this key issue, which is a major constraint to achievement of MDG2.

Achievement of the Ministry's target of 27% enrolment in pre-primary programs is also a priority, and a key investment for ensuring that children enter grade 1 well-prepared for school and so helping to improve internal efficiencies by preventing repetition and drop out in the early grades. Progress towards the ESDP target of achieving a 50 percent coverage rate for water and sanitation in schools by 2015 will also be prioritized.

MDG3 will also be addressed through implementation of the Inclusive Education Policy's Strategy and Action Plan, which is now close to finalization.

Expansion of post-basic education will continue with an emphasis on equitable access and improved quality. In particular, MoES will clarify technical and vocational teacher education and will strengthen the match between labour market demands and the supply of post-basic education graduates.

The planning and monitoring tools developed during the first year of 7th NSEDP implementation will be applied during the second year to ensure that expansion of all levels of education, at central and provincial levels is systematic, balanced, and follows the key goals outlined above. This will require more coordinated planning between central and provincial levels, both internally within MoES and with development partners.

How SWG plans to contribute to monitor the implementation of the plan

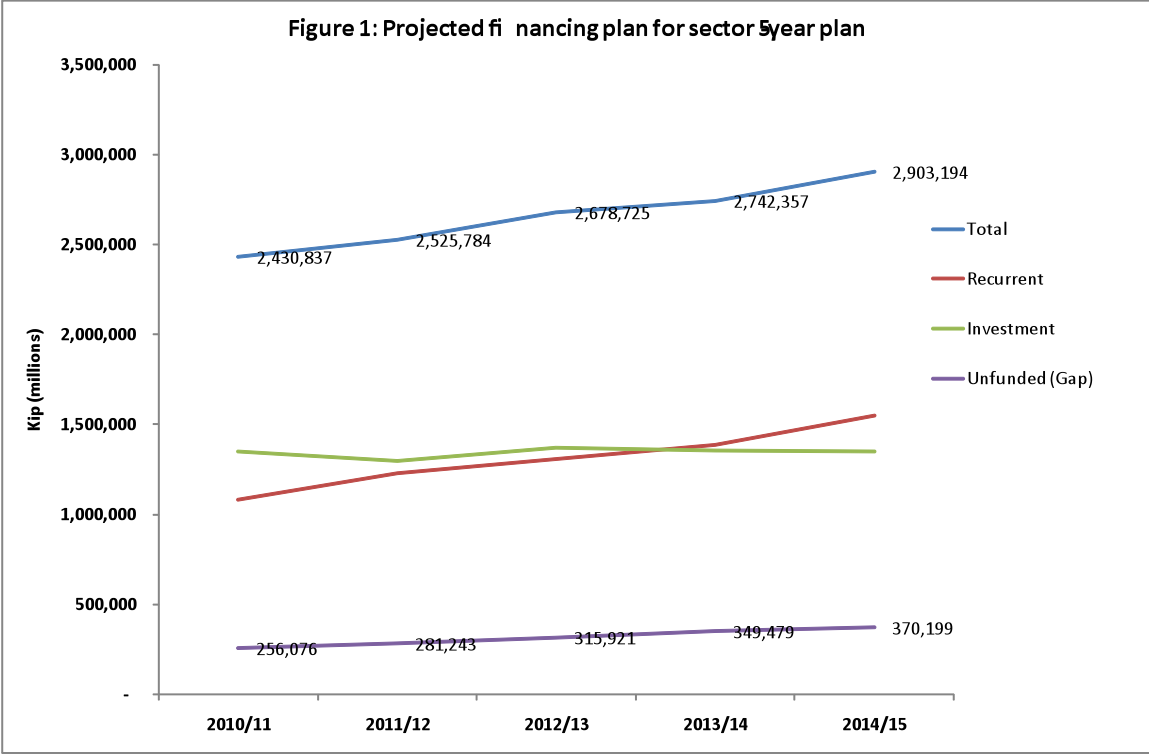
The main mechanism for the ESWG to contribute to monitoring of the ESDP is through the annual Joint Sector Review Mission and discussion of central and provincial ACSEPs, outlined in the eight tools of the Performance Assessment Framework (PAF). The activation of Focal Groups will improve the level of analysis and detail of technical discussion, including regular updating on progress on ESDP implementation and MDG tracking. The ESWG is also considering ways to increase provincial participation in meetings, possibly through building on the pilot of Provincial Coordination Meetings in three provinces and through consolidation of regionally based ESWG meetings in combination with the regular schedule of central meetings.

A major planned initiative of the ESWG is to review its own structure and processes through a workshop in late 2011 in order to identify how it can be revitalized to best respond to the demands of the 7th NSEDP, pressure to achieve the MDGs and improved aid effectiveness. This workshop will also take into account outcomes from the high-level forum on aid effectiveness to be held in Busan, Korea in late November 2011, in line with DIC guidance.

Resource Requirements

Outline list of sectoral Public Investment Projects and Programmes (PIPs) as well as identify sources of fund and resource requirement especially the funding gaps for ensuring a successful implementation of 7th NSEDP in an equitable, sustainable and timely manner.

The financing gap to achieve the targets of the 5-year plan is calculated by comparing the total cost of implementation against projected resource flows to the sector. This financing gap is 1,573,000 million kip (USD 197 million) over the 5-year period. There is also a human resource gap since the MoES has a limited absorptive capacity to efficiently and effectively disburse these investments. A summary of the financing plan is given in Figure 1:



A key financing issue is the need for additional funding to achieve the MDGs. While the National Assembly allocation for 2011-12 was 17%, closer to the Education Law target of 18%, this figure includes resources for human resource development more broadly, channeled through other line ministries, as well as funding specifically to the education sector. In addition, provincial allocations for education vary widely, and within these allocations, funding for the primary sub-sector is generally insufficient to meet the demands for increased investment needed to achieve the MDGs.

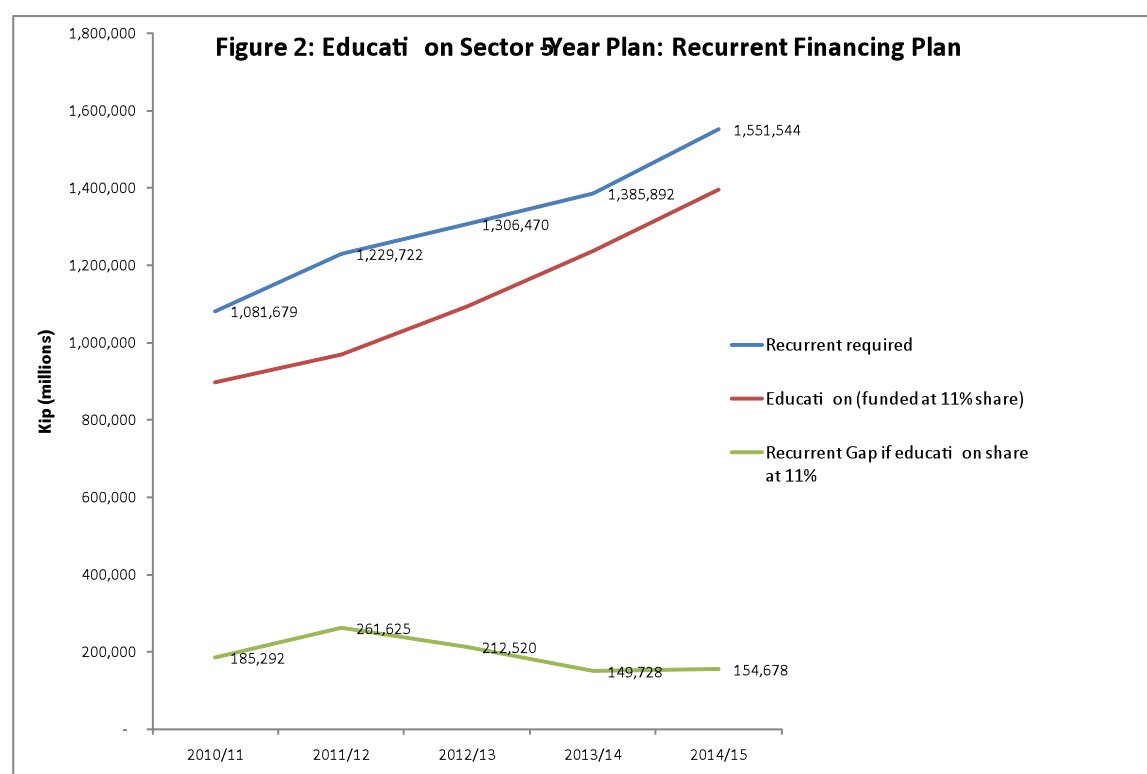
Recurrent Budget

A major constraint to improving quality of teaching and learning and strengthening governance is the very low non-wage recurrent budget that is available. At the end of the 6th Plan period, the provincial non-wage recurrent budget share to education was only 9.5% of the total non-wage provincial budget. The Ministry of Finance expects to introduce budget norms in the 2011/12 financial year to provide additional funding to provinces to increase this non-wage recurrent budget to at least 14% increasing to 25% before 2015. This extra funding, together with the introduction of Block Grants, also in 2011/12 will provide the necessary non-wage recurrent budget to support many of the activities required in the 5-year plan. Table 1 shows the projected recurrent budget needed to support the 5-year plan.

Table 1: Recurrent budget (kip, millions)

Education Sector	2010/11	2011/12	2012/13	2013/14	2014/15	Total 5-years
Recurrent required	1,081,679	1,229,722	1,306,470	1,385,892	1,551,544	6,555,307
Total Sector Wage	748,805	803,231	856,292	911,532	967,076	4,286,934
Total Sector Non-wage	332,874	426,492	450,178	474,360	584,468	2,268,372

The recurrent budget required to support the sector 5-year plan is shown in Figure 2. This proposed budget includes Block Grants, as defined in the ESDF Policy Planning Matrix, at all levels. The present education share of the national recurrent budget is about 11% which will not be sufficient for successful implementation of the sector plan. A greater share of the national recurrent budget will be required, for both wage and non-wage recurrent budget. The current education share of the GoL non-wage recurrent is very low (3.4% in 2010/11) creating a barrier to implementing quality improvements, adequate monitoring and provision of adequate administrative support for lower levels.



Investment Budget

Table 3 outlines the investment budget requirements of the 5-year plan

Table 3: Investment needs (kip millions)	2011	2012	2013	2014	2015	Total
Total Investment	1,349,158	1,296,062	1,372,254	1,356,465	1,351,650	6,725,589
GOL	208,892	215,066	213,158	222,975	280,217	1,140,308
ODA secured	843,910	760,418	700,380	425,628	352,793	3,083,129
ODA unsecured	-	21,536	125,536	345,120	335,594	827,786
INGO	68,922	46,442	45,889	41,892	41,476	244,621
Private Sector	4,131	4,131	4,144	4,144	4,144	20,693
unfunded	256,076	281,243	315,921	349,479	370,199	1,572,919

Figure 4 shows the estimated investment needs to fully implement the sector 5-year plan. As can be seen, there is a significant shortfall with the financing gap (amount of unfunded investment as a percentage of total investment) increasing from 19% in 2011 to 27% by 2015.

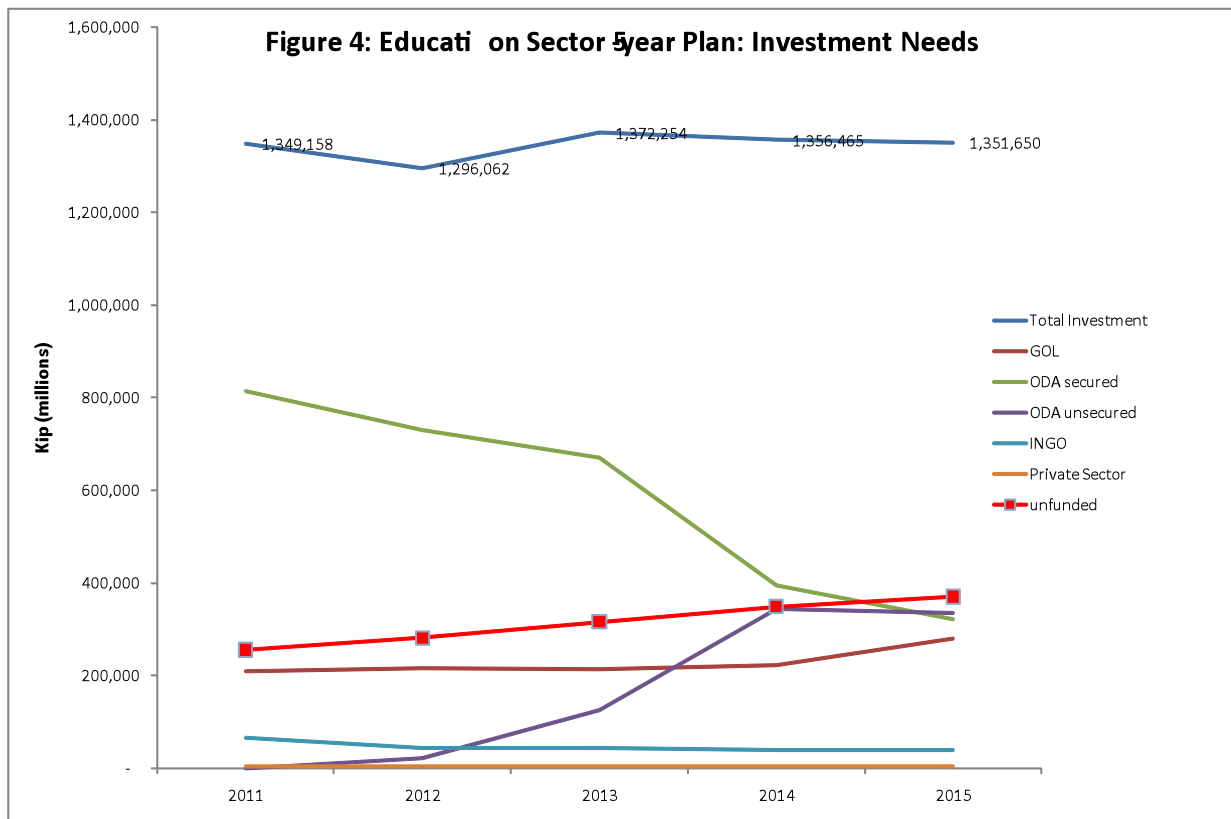


Table 5 shows the source of funding from different organisations

Table 5: Investment by Source (kip millions)	2011	2012	2013	2014	2015	Total
Intl. Financial Organizations	356,495	356,495	329,497	157,897	122,019	1,322,401
Bilateral	378,786	347,561	314,961	266,761	229,805	1,537,874
UN	108,629	56,362	55,923	970	970	222,854
NGO	68,922	46,442	45,889	41,892	41,476	244,621
GOL	208,892	215,066	213,158	222,975	280,217	1,140,308
Private Sector	4,131	4,131	4,144	4,144	4,144	20,693

Note: Does not include unfunded and unsecured activities.

Conclusions

Achievement of the MDGs for education is key to achieving all the other MDGs. Accelerating progress towards MDG2 and reversing negative trends is a serious and urgent challenge, which will require additional human and financial resources if the 2015 target is to be achieved. A strengthened focus not only on national averages, but also on ensuring greater equity of educational outcomes between provinces and districts, between girls and boys, and among ethnic groups living in remote rural areas is essential to success. The increasing availability of disaggregated data will be key to providing a strong evidence base for decision-makers to plan and ensure sufficient resources are allocated to the areas of most need. New planning and monitoring tools need to be used strategically to ensure allocation of resources to the pre-primary and primary sub-sectors, and to track that expenditure is targeted to actions that will accelerate progress towards the MDGs.

New thinking will be essential to generate new solutions to old problems. Greater emphasis on capacity building at local levels is needed, particularly to strengthen VEDC involvement with schools through improved and ongoing support from DEB staff. This will require a shift in the balance between wage and non-wage recurrent funding of the sector. A comprehensive and systematic capacity development framework is the missing structural link to improve implementation and monitoring of the ESDP, particularly for MDG2 achievement. Such capacity building will need to prioritize district and school levels and include strengthening of analytical skills at district level to improve tracking of MDG2 progress.

Education also has a key role to play in advancing progress to MDG3. The Sub-Committee for the Advancement of Women (Sub-CAW) based in MoES, however, is not fully functioning, and currently there is no formal mechanism to directly link the ESWG with the Gender Working Group or to the Lao National Committee for the Advancement of Women (Lao NCAW), or to the Lao Women's Union. As part of the ESWG review, a mechanism will

be identified to strengthen links between education and other Sector Working groups involved with MDG3.

While achievement of the MDGs is a pressing priority, it is also important to retain a perspective on Lao PDR's global commitments to the achievement of the six Education For All goals by 2015. These goals include targets for universal primary education and gender equality, but also acknowledge the importance of life-long learning, and the broader role of education as the driver of human resource development. Beyond 2015, a skilled labour force will be key to sustainable national development and graduation from Least Developed Country status by 2020.

At post-basic education level, the key challenge is to achieve a stronger match between supply of graduate students and the demands of the labour market. It is pleasing to note that Lao PDR is one of 16 countries involved in the World Bank funded study⁴ which will examine current levels and distribution of technical, cognitive, and non-cognitive skills in the labor force; how these skills affect labor market outcomes; the extent of skills mismatches; and interventions to step up the supply of skills to improve employability and productivity.

The financial allocations to the education sector will need to be increased if MDG2 is to be achieved and to improve the quality of education at all levels. This will be required at both central and provincial levels and for both wage and non-wage recurrent budgets. Adequate funding for the ESDP Block Grants scheme is a top priority.

The ESWG will continue to work together in 2011-12 to advocate for resources for the sector, and to ensure that the resources are well coordinated and used effectively in line with government priorities. The ESWG has reached a level of maturity where it has built a strong platform for collective dialogue and action. This platform will be used as a springboard for change in the coming year, to ensure that the ESWG remains relevant and continues to strengthen its impact on results for children.

⁴ http://www.ilo.org/skills/events/WCMS_162467/lang--en/index.htm

HEALTH

General Information

Health Sector Working Group Structure:

- **Chair:** Minister, Ministry of Health; **Co-chairs:** Japan, WHO
- **Secretariat of the SWG:** Cabinet and Department of Planning and Finance

Key pre-consultation meetings this year:

- The 25th Secretariat meeting on 4th Oct 2011
- The 4th Sector Working Group (Policy level) meeting on 27th Oct 2011

SWG mandate/Terms of Reference

- **Sector-wide Coordination (SWC) mechanism in Health** provides the platform for enabling stronger leadership by the MOH, in partnership with all stakeholders in health, under the single sector policy for the improvement of the overall health status of the Lao PDR. SWC will support strengthening Lao health systems – moving the Lao health sector towards Program-based-Approaches (PBAs), to achieve the goals of the 7th five-year HSDP, effectively.
- **Sector Working Group (Policy level) / SWG (P)** provides the Lao government and diplomatic corps or development partners (DPs) with a forum for political dialogue on health issues. It is expected to take political leadership and initiative, demonstrate committed advocacy, and provide clear guidance for the health sector in Laos – creating an enabling political environment in which the SWG (O) and TWGs can dedicate themselves to result-oriented work.
- **Sector Working Group (Operational level) / SWG (O)** operates the mandates of the health sector and its coordination mechanism, based upon policy guidance from the SWG (P) in order to realize the goals and objectives of the 7th five-year Health Sector Development Plan (HSDP) in strengthening the Health system in Laos. It is expected to facilitate the development of strategies, coordinate with all stakeholders in Health, and ensure the coordination mechanism functions in an effective manner.
- The **Secretariat** provides essential administrative and logistic support for the SWG (P), SWG (O) and TWGs in order to facilitate the achievement of their objectives, and other specific tasks, in close collaboration with the MOH and DPs. It serves as a hub for information sharing between various levels of the SWC mechanism for health. The Secretariat includes designated focal points/persons from each TWGs and SWGs and

relevant DPs. The core of the Secretariat is comprised of **Coordination Unit (CU)** members of the MOH.

- **Technical Working Groups (TWGs)** strengthen technical aspects of coordination as well as practical and useful activities. They are expected to synchronize the technical expertise of both government officials and DPs, and provide the SWGs and policy makers with reliable, convincing, and practical suggestions and recommendations aiding decision making and fostering effective operations. **Task Forces (TFs)** are set-up according to necessity and demand from each TWG.

There are six TWGs in the SWC mechanism, as follows:

1. HPHP (Hygiene and Prevention, Health Promotion)-TWG
2. MNCHN (Maternal, Neonatal and Child Health and Nutrition) -TWG
3. HC (Health Care)-TWG
4. Food and Drug (FD)-TWG
5. Human Resources in Health (HRH)-TWG
6. Health Planning and Finance (HPF)-TWG

Background and Process of Consultation

Overview on formulating annual sectoral plan that feeds into the NSEDP framework

- Each department has developed annual plan (2011-2012) for the 7th five-year HSDP into alignment with the health chapter of the NSEDP. MOH has developed an annual budget plan by compiling from departmental annual budget plan only (2011-2012). The annual budget plan was only an internal discussion on the MOH and already submitted to MPI, MOF and already approved. The full annual sectoral plan has not completed yet. As the next step, the plan should be further improved and shared among DPs.
- Each levels of SWC mechanism has been developing the annual work plan (2011-2012) based on the annual plans of all departments.
- **Meeting Schedule:** The meeting for internal discussion on the MOH was several times in a period from May to August.
- **Consultation Approach:** Since October 2010 up to now, consultation among MOH, DPs, and other stakeholders are being done through the SWC mechanism, which is explained in the Part I of this paper. Core members of Coordination Unit have arranged the several meetings with support of DPs as follows.
 - Coordination Unit kick-off meeting (retreat) (5-6 April 2011)
Main topics:
 - (1) Lessons learned and challenges on the existing SWC mechanism
 - (2) Review of TOR of SWC mechanism for healthParticipants: MOH 22, DPs 3

- The 4th SWG (Policy level) meeting (27 October 2011)
Main topics:
 - (1) The costing and resource mobilization of the 7th five year HSDP
 - (2) Review of the progress for 2010-2011 and priority issues of the 7th HSDP for 2011-2012
 Participants: MOH 42, Partner ministry 8, DPs 42

- The 9th SWG (Operational level) meeting (8 July 2011)
Main topics:
 - (1) Updating and reviewing the progress of SWG (O) each TWG including annual work plans and TORs
 - (2) Updated Sector Common Work plan Monitoring Framework (SCWMF)
 - (3) Updating the major strategies
 - (4) Updating the Health System Strengthening (HSS) and specific diseases for Round 11 by GFATM and GAVI
 - (5) Updating of health sector costing & budgeting
 Participants: MOH 70, PHD 26, Partner ministry 9, DPs 27

- The 24th Secretariat meeting (17 May 2011)
Main topics:
 - (1) Progress of SWC mechanism and TORs/AWP of Secretariat and Secretariat and SWG (O)
 - (2) Discussion on the 9th SWG (O) agenda
 Participants: MOH 16, DPs 17

- The 25th Secretariat meeting (4 October 2011)
Main topics:
 - (1) Progress of SWC mechanism checking annual work plan
 - (2) Discussion on the 4th SWG (P) agenda
 - (3) Discussion on RTIM preparation
 Participants: MOH 14, DPs 8

The secretariat members of each TWG held regular TWG meetings (and relevant Task Forces) with support of DPs as follows:

MNCHN (Maternal, Neonatal and Child Health and Nutrition) -TWG

- The 20th MNCH-TWG meeting (7 March 2011)
Main topics:
 - (1) Progress of three task forces (TF1: Planning and monitoring, TF2: Service delivery, TF3: Community participation)
 - (2) Planning process in Southern four provinces
 Participants: MOH 23, DPs 21

- The 21st MNCH-TWG meeting (28 April 2011)

Main topics:

- (1) Progress of three task forces
- (2) Maternal and young child nutrition security

Participants: MOH 24, Partner Ministry 2, DPs 43

○ The 22nd MNCH-TWG meeting (30 June 2011)

Main topics: (1) Revised TOR of TWG

- (2) Presentation of the progress of TWG
- (3) Report of progress of MOH-UN join program
- (4) Progress of EPI
- (5) Report of progress of the resource map

Participants: MOH 20, DPs22

○ The 23rd MNCHN-TWG meeting (7 September 2011)

Main topics:

- (1) Progress of EPI
- (2) Nutrition activities
- (3) Report of current situation of three Strategic Objectives (SOs)
- (4) Monitoring annual work plan and discussion on the next fiscal year

Participants: MOH 11, DPs26

○ The 24th MNCHN-TWG meeting (21 October 2011)

Main topics:

- (1) Share recommendation of RH policy review
- (2) Annual work plan 2011-2012 and MNCH resource map
- (3) Ongoing activities and future plan of Maternal Death Review in Lao PDR
- (4) Cervical cancer
- (5) Review on free delivery care in the pilot areas
- (6) Results of Emergency Obstetric and Newborn Care assessment

Human Resources in Health (HRH)-TWG

○ The 7th HRH-TWG meeting (1 February 2011)

Main topics:

- (1) to disseminate the Health Personnel Development Strategy (HPDS) by 2020 and the Decree on Financial Incentive for Civil Servants of PACSA,
- (2) to introduce Global Policy Recommendations on Retention of Rural Health Workers,
- (3) to update by DPs on activities related to HRH strategy,
- (4) to present Key Findings from Technical Workshop on Retention of Rural Health Workers.

Participants: MOH 30, DPs 19

○ The 8th HRH-TWG meeting (6 October 2011)

Main topics:

- (1) to update the progress of activities related to HRH including progress of HPDS dissemination, implementation of SBA Development Plan, survey for retention of rural health workers, and preparation of Global Fund Round 11 proposal,
 - (2) to share DPs' current and future activities in the field of HRH,
 - (3) to share HRH- TWG's annual work plan.
- Participants: MOH 14, DPs12

3. Health Planning and Finance (HPF)-TWG

- The 14th HPF-TWG meeting (23 Dec 2010)
Main topics:
 - (1) Dissemination of progress of Lao Socio Indicator Survey (LSIS) preparation stage
 - (2) Introduction to health financing tools (OASIS)
 Participants: MOH 22, Partner Ministry 6, DPs 10
- The 15th HPF-TWG meeting (10 Feb 2011)
Main topics:
 - (1) Health System Funding Platform to support Health System Strengthening (HS)
 - (2) Comments from the technical review panel on the R10 HS proposal.
 - (3) Preliminary gap analysis and draft concept for Lao HSS proposal.
 - (4) Global Fund support to Community-based Health Insurance (CBHI) in Rwanda.
 Participants: MOH 26, Partner Ministry 6, DPs 14
- The 16th HPF-TWG meeting (16 Feb 2011)
Main topics:
 - (1) Present the main article of the draft Prime Minister's Decree on National Health Insurance
 - (2) Present the road map of merging social health insurance schemes.
 Participants: MOH 33, Partner Ministry 6, DPs 10
- The 17th HPF-TWG meeting (18 February 2011)
Main topics:
 - (1) Present the overall structure and the main contents of the National Health Statistic Report
 - (2) Present the content outline of National Health Statistic Report for FY 2009-2010
 Participants: MOH 31, Partner Ministry 6, DPs 5
- The 18th HPF-TWG meeting (25 March 2011)
Main topics:

- (1) Present actual progress of HSS Round8 and ensuring quality of anti-malaria drugs
- (2) Present review of the initial conceptual framework of Health System Funding Platform (HSFP) and draft of the road map for the preparation and submission of the Government of Lao proposal to the HSFP
- (3) Update progress on preparation for Health System Improvement Program (HSIP) Additional Fund.
- (4) Present a framework for national health policies, strategies and plans.
- (5) Present infectious disease control and health management.
- (6) Present draft of national health statistic report FY 2009-2010.

Participants: MOH 33, Partner Ministry 5, DPs 18

○ The 19th HPF-TWG meeting (29 April 2011)

Main topics:

- (1) Present report of the coordination unit kick-off meeting.
- (2) Revision of HPF-TWG's TOR.
- (3) Revision of annual work plan of HPF-TWG

Participants: MOH 30, Partner Ministry 6, DPs 10

○ The 20th HPF-TWG meeting (19 May 2011)

Main topics:

- (1) Present revision of the HPF-TWG's TOR operational functioning and TOR and annual work plan (revised version)
- (2) Present combining Health Equity Fund (HEF) and CBHI: a pathway to Universal Coverage.

Participants: MOH 22, Partner Ministry 7, DPs 7

○ The 21st HPF-TWG meeting (7 September 2011)

Main topics:

- (1) Present update the 7th five year HSDP 2011-2015.
- (2) Present update costing for the 7th five year HSDP 2011-2015.
- (3) Present future plan of Advancement of Women Division.
- (4) Present International Cooperation of Health Sector.

Participants: MOH 32, Partner Ministry 7, DPs 14

Results from SWG Pre-consultation

Progress of 1st Year 7th NSEDP (FY 2010-11) implementation and especially progress and challenges towards achieving the relevant MDGs

Progress in 2010-2011:

- Health network coverage has improved and expanded:
 - Drug kits in 5734 (95%) of target villages
 - 869 health centers that cover almost all village groups and priority focus areas.

- Number of Model Healthy Villages has increased to a total of 2777 villages:
 - 3 principle-clean villages: 1212
 - Village development based on 8 PHC contents: 860
 - Model Healthy Villages: 705
 - Strengthened capacity of village health committee (VHC) and village health volunteer (VHV)
- Modernized hospital at district, provincial, regional, and central levels: improved diagnosis and treatment standard.
 - Completed construction of dormitory and classroom and supplied fundamental equipments for UHS.
 - Completed construction of Infant Hospital in Midtapap and Mother and Child Hospital in Nongphaya.
 - Completed construction of Health Science College in Luangprabang and some district hospitals and health centers in northern provinces.
 - Trained people from remote area to be VHV, PHC staff, medical assistant, skilled birth attendants: 620 plus community midwives.
 - Technical support from central to grass root level: Mahosot, Midtapap, Setthathilat and Mother and Child Hospitals and UHS as assigned by MOH.
 - The use of impregnated bed net: 1,600,000, Clean water: 79.5%, Latrine: 55%, Antenatal care: 52%, Birth control: 94% in all HC, Vaccination of reproductive women: 73-95%.
 - Establish hospital financial mechanism for sustainability in central level.
 - Established policy on Free delivery and <5 child treatment.
 - Expanded health insurance covering 12% nationwide, including insurance for government sector, enterprise, Community Based Health Insurance and Health Equity Fund.
 - Coordinating with concerned ministries in preparing Health Insurance Integration.

Main Progress of MDG's Indicators Related to Health Sector by 2015

MDG1: C Halve, between 1990 and 2015, the proportion of people who suffer from hunger	2000	2006	2010	2015 target	Remark
Prevalence of underweight children < 5 (%)	40	37,1	?	22	Challenge and
Proportion of stunting in children under-five years of age (%)	42	40	?	34	Involve other sectors
Proportion of population below minimum level of dietary energy consumption (%)	33	22	?	19	
MDG 4.A: Reduce by 2/3, the < 5 mortality rate between 1990 and 2015	2000	2005	2010	2015 target	
Under-five mortality rate (deaths per 1,000 live births)	107	98	68.3*, 61	70	On track
Infant mortality rate (deaths per 1,000 live births)	82	70	19.4*, 48	45	
Proportion of 1 year- old children immunised against measles (%)	60	69	95 (EPI)	90	Challenge
MDG 5.A: Reduce by three quarters the maternal mortality ratio between 1990 & 2015	2000	2005	2008	2015 target	
Maternal mortality ratio (deaths per 100,000 live births)	530	405	339*	260	Challenge
Proportion of births attended by skilled birth personnel	17	23	35	50	
MDG 5.B: Achieve, by 2015, universal access to reproductive health		2005	2008	2015 target	
Contraceptive prevalence rate (%)		32	38	No target	Challenge
Age Specific Fertility Rate (ASFR)		96	76	No target	
Ante-natal care coverage		21	35.1	No target	
Unmet need for family planning		40	27		
Target 6A/6B: Have halted by 2015 and begun to reverse the spread of HIV/AIDS	2000	2005	2008	2015 target	
HIV prevalence among general population (%)	0.06	0.1	0.2	< 1	On track
HIV prevalence among high-risk group 15-24 years old (%)	0.4	na	Na	< 5	
HIV prevalence among commercial sex workers 15-49 years old (%)	0.9	2	?	< 5	
Target 6C: Have halted by 2015 and begun to reverse the incidence of malaria and others	2000	2005	2009	2015 target	
Death rates associated with malaria (per 100,000 population)	7	0.4	0.3	0.2	
Proportion of children under-5 sleeping under bed-nets	82	87	79	95	On track
Prevalence and death rates associated with Tuberculosis (per 100,000)	357	306	260**	240	
Proportion of TB cases detected under Directly-Observed Treatment (DOTS) (%)	42	72	78	70	
Proportion of Tuberculosis cases cured under Directly-Observed Treatment (DOTS) (%)	80	90	92.6	85	Achievable
MDG7: 7C: Halve, by 2015, the proportion of people without access to safe water source	2000	2007	2010	2015 target	
Proportion of population using an improved drinking water source (%)	52	74	57	80	Challenge
Proportion of population using an improved sanitation facility (%)	37	49	53	60	

Sources: Asia-Pacific MDG Report 2010-2011 (ESCAP, ADB, UNDP): MDG Progress, Lao PDR, 2008, MOH Report: * The Lancet.

Major challenges and proposed recommendations

Obstacles:

- Health network is entirely covered but service quality is rather low due to lack of staff both number and skills.
- Health technology is still low in term of diagnosis and treatment.
- Referral system cannot be guaranteed and rather slow.
- Health insurance and HEF cannot cover all target numbers.
- Staff incentives are not clear and health budget is limited.

Challenges:

- High demand from society with limited supply
- Disparity between urban and rural areas including poverty
- MDG's achievement is still challenging, for example MMR
- Living condition with inflation, fuel, food, etc.
- Natural disasters (drought, flood, epidemic disease, ...)

Priorities and programs of 2nd Year 7th NSEDP (FY 2011-12) and beyond

Priorities and Programs in 2011-2012 and beyond:

- Continue to improve and develop health system focusing on achieving MDGs as related to disease prevention as main task, and treatment as importance in order to upgrade quality of services by following 4 breakthrough steps.
- Strengthen capacity: Health center (village) =development unit, district= overall strengthened unit, province= strategic unit (developing result-based plan and budget with trustworthy and auditable reporting system).
- Bring quality of health services to grass root level and implement MHV in 64 priority areas to ensure a health center, drugs and staff available for each area.
- Increase health education and prevention to cover all population and improve surveillance system for epidemic at each level.
- Implement appropriate incentive to motivate staff who are working in remote and mountainous areas.
- Expand potential of natural and indigenous drugs and modernize production.
- Strictly monitor and control quality for safety of food and drugs to be competitive.

- Mobilize investment to construct modern hospital and modern drug factory from different sources of funds to achieve the milestones of 5 year plan.
- Health insurance coverage to be 30% in target districts in 2012 by initially aiming at Vientiane Capital.

Priority Projects in 2011-2012:

- Health financing: free delivery & child < 5 treatment, CBHI and HEF
- MNCH service packages and nutrition
- Surveillance and CDC and NCD
- Technical support team from central to grass root by Complex-Hospitalo-Instituto-Projecto-Universitaire (CHIPU)
- Construction of new UHS and Cancer Center
- Modern Hospital Construction in Capital
- Health Sector Development Program,
- Health Development Project
- Health Service Improvement Project
- Global Fund Projects
- Water supply and sanitation
- Lao Social Indicator Survey (LSIS)
- Health Insurance Integration Project: CBHI, HEF, etc.

How SWG plans to contribute to monitor the implementation of the plan:

- Based on the policy advice from the SWG (P), SWG (O) facilitates the development of annual sectoral plan and monitors it regularly with the Sector Common Work Plan and Monitoring Framework (SCWMF).
- Measures & Methods for SWG
- Expand and implement each program by focusing on MDGs under guidance and direction of each leadership level.
- Disseminate information on sanitation, provide technical training, and monitor the implementations at all levels in order to achieve milestones and 64 priority areas.

- Improve and upgrade quality services at each hospital at all levels by upgrading the technical skills and use new technology.
- In partnership with donors and sectors concerned including local authorities in implementing and monitoring in each period with regular meeting of each technical and operational level.
- Develop the detailed plan 2012-2013 in order to mobilize additional budget as well as preparing for midterm review.

Resource Requirements

Resource requirement for reaching MDGs:

- **5 years:** \$788 million (not included water and sanitation)
- **2011-2012:** \$158 million (not included water and sanitation) *(MPI MDG's report)*
- Available:
 - Government = \$45 Million
 - Central level = \$15.5 Million
 - Local level = \$29.5 Million *(MOF, fiscal budget 2011-2012)*
 - ODA = \$21.3 Million

(Note: There is only 42% is available and 58% is still required)

INFRASTRUCTURE

General Information

Name of Sector: **Infrastructure Sector Working Group**

Name of Sub-Sectors: **Lao Transport Sub Sector and Water-Sanitation and Urban Development Sub-Sector**

Name of Chair: **MPWT** and Co-Chair: **Japan, Asian Development Bank and World Bank**

Name of Department acting as Secretariat: **Department of Planning and Cooperation**

Sector Vision

To be the leader of the facilitation of continuous development, focusing on convenience, safety and modernization. The sector also aims to be transparent in implementing two core development strategies (i) regional and local network integration and (ii) develop modern, clean, liveable and safe towns that also strongly maintain the uniqueness of Lao culture, including Lao architecture and good urban environments.

Overview

The institutional framework for the Infrastructure Sector Working Group (ISWG), previously called the Transport Sector Coordination, is to support the development of Lao infrastructure, especially in the public work and transport sectors, as well as to support the implementation of the 6th 5 years National Socio-Economic Development Plan (NSEDP) 2006-2010 and 7th 5 years NSEDP 2011-2015. The Strategic Plan on Infrastructure emphasizes the maintenance, upgrading and new construction of infrastructure to support the socio-economic development.

The main objectives of the ISWG are to:

- Ensure coordination of development partner assistance, establish frameworks for the sector or subsector and support the execution of the Country Action Plan of the Vientiane Declaration,
- Enhance policy dialogue on key spectral issues, share information and build strong and constructive partnership among development partners,
- Improve inter-ministerial coordination and consensus building on cross-cutting issues related to the ISWG,
- Integrate strategic discussion and consultation on infrastructure development policy within the ISWG mechanism,

- Support and facilitate decision-making by government authorities concerned in a consensual and predictable manner within the spirit of partnership between GOL and international stakeholders and,
- Support, and expand to involve other development partners.

Background and Process of Consultation

Since 1984 until today, the government has been supporting infrastructure development at a rapid pace, with more than 40 projects completed and a total investment, including support from development partners (DPs), totalling approximately of \$500-\$600 million. Funds have been allocated for infrastructure development including the improvement of the road network, railways, civil aviation, transportation, logistics, waterways, urban development, water supply, and riverbank protections and other projects.

1. Transport

Road Network Development:

- *Road maintenance:* All of the national road networks as well provincial, district and rural roads have been regularly maintained by using 3 types of contracts such as (i) routine maintenance, including household contracts (labour base), conventional contracts (contractor using equipment), and three-year performance based contracts; (ii) periodic maintenance and rehabilitation and (iii) emergency maintenance, especially during this fiscal year 2010/2011 to recover from the effects of two typhoons, Haima and Nokten, that hit Laos. MPWT lead a quick response to this disaster by taking quick emergency maintenance action to repair road conditions into passable conditions and then restore road conditions back to their original condition, and then prioritizing rehabilitation of roads later.
- *Road Improvements and Construction:* Besides road maintenance, some roads were upgraded and constructed. Currently, there are 11 ongoing road improvement projects funded by difference DPs, listed below:
 - Improvement National Road (NR) No.1B from Paknamnoi to B.Yo, WB financing
 - Upgrading National Road No.4 from Xiengnguen to Kentao 364 Km, including Mekong Bridge co-financing between ABD, OFID, Ausiad and EDCF
 - Improvement NR 13 North from Natuey to Oudomxay 79 Km grant from People Republic of China (PRC)
 - Continue Improvement NR 13 North from Oudomxay to Pakmong grant from People Republic of China (PRC)
 - Improvement NR 2 East from M. Koua to Taichang (Vietnam Border) 69 Km grant from Socialist of Vietnam.
 - Improvement NR 6, 6A, 6B 146 Km was assisted by ADB

- Improvement NR 11 from Tadthong to NamSang 82 Km was assisted by NEDA of Thailand
 - Improvement NR 15A from Napong to Saravan Local Private finance
 - Improvement NR 16B approximate 95Km Local Private finance
 - Improvement NR 1D approximate 268 Km Local finance
 - Improvement Kasi to M. Nan approximate 70 Km Local finance
- *Bridge Construction:* In addition to road improvements, there are also construction efforts on the Mekong bridge along the road line. Currently, there are 4 ongoing bridge construction projects funded by different DPs, such as the following:
 - 3rd Lao-Thai friendship Mekong bridge from Takek to Nakornpranom grand from NEDA, Thailand
 - 4th Lao-Thai friendship Mekong bridge from Houysai to Chiengkong joint grand share 50%-50% from PRC and Thailand
 - Mekong bridge from Thaduea to PakKorn linkage between Louangprabang and Sayyabouly Provinces, grant from EDCF, Korea
 - Mekong bridge from KokKandor to Paklai linkage between Vientiane and Sayyabouly Provinces, Local financing

Table 1: The Current Road Condition Data in Km (September 2011)

Item	Types of Road	Condition			Total	Remark
		Paved	Gravel	Earth		
1	National Road Network	4.433	2.191	611	7.235	
2	Provincial Road Network	697	4.165	3.101	7.923	
3	District Road Network	183	2.633	2.313	5.129	
4	Urban Road Network	575	895	445	1.915	
5	Rural Road Network	85	3.666	12.689	16.440	
6	Special Road	143	324	437	904	
Grand Total		6.116	13.874	19.596	39.546	

Passenger and Cargo Transportation

The transportation of goods increased at 5-8% per annum, public transport increased at 8-10% per annum, and the number of vehicles is rapidly increased with an average rate of 18% per annum reaching a total of 886,348 vehicles in the country. As about 80% of all vehicles are motorcycles, the number of accidents per 10,000 vehicles in 2009 has remained relatively constant compared to the accident rate in 2006 - from 8.4 to 8.5 vehicles respectively.

Transport Facilitation

The Lao Government established and endorsed a National Traffic Safety Strategy and Action Plan in 2006. This was followed up with the establishment in April 2007 of the National Road Safety Committee (NRSC). The supporting Secretariat has formalized the establishment of a systematically formulated road safety program.

Improvements of the public transport facilities have included a public bus station in Vientiane Capital funded by JICA, the development of a master plan for public transport in Vientiane, 40 public buses provided to Vientiane state enterprise bus service and also a feasibility study completed on the possibility of an express bus service in Vientiane

The Road Safety Fund was founded to support activities to reduce road accidents and loss from accidents, especially the number of deaths and injuries, as well as property loss. The table below shows statistics on the number accidents and the cost of the damage.

Table 2: Accident Statistics and Damage Costs

Item	Description	Unit	2006	2007	2008	2009	June 2010
1	Total number of accident	Time	4,620	5,198	5,025	5,233	4,270
2	Small injure	Person	4,756	4,946	5,343	5,586	1,168
3	Just injure	Person	2,453	3,052	2,942	3,280	2,515
4	Serious injure	Person	616	716	700	1,015	802
5	Death	Person	480	608	618	765	606
6	Small Damage of Vehicle	Vehicle	5,141	5,961	5,591	5,677	4,556
7	Just Damage of Vehicle	Vehicle	2,809	3,244	3,120	3,649	2,866
8	Heavy Damage of Vehicle	Vehicle	133	190	155	210	183
9	Cost of Damage	M Kip	19,853	46,914	63,129	46,664	42,306

Air Transport

Air transport covers only 2% of the total volume of transportation, but it is a very important mode of transport, especially for rapid passenger movement. Costs for air freight are higher, so it is not suitable for transporting lost-cost or heavy-weight products as cargo freight.

Laos has four main international airports and also 6 usable domestic airports for air transportation around the whole country. Lao also has a pilot training center and 4 radar control stations.

There are 3 ongoing International Airport improvement projects funded by different DPs, as follows:

- 2 Wattai International Airport Improvement Projects, the first project working on Runway Extension and second on Taxiway Improvement, and both projects are supported by Japan and PRC
- The Luangprabang International Airport improvement project Funded by PRC
- Pakse International Airport Improvement Project Funded by Thailand

Inland Waterways

Inland waterways only account for 18% of the total transportation volume in Lao PDR. Achievements so far include the completion of: (i) navigation channel improvements for the northern section of the Mekong River for allowing ships with loading capacity of 100-150 tons to navigate all year round; and (ii) construction of 4 km of river bank protection.

The riverbank protection project along the Mekong river and its tributaries will also protect towns from natural disasters, especially flood prevention. Last year, around 57 Km of riverbank protection was constructed in areas with heavy bank erosion along the Mekong river side, which is equivalent to 32% of total area identified in a survey as critically heavy erosion areas, defined as 2-10 meters bank erosion per year, out of total length of river bank need for protection of 178 Km.

There are 21 existing ports on the Mekong River in Lao that are operated by the provincial department of Public Works and Transport (DPWT). There are 5 ports: Houa Kong, Xieng kok, Ban Mom, Houei Sai, Luangprabang that are open ports for international vessels upstream and downstream.

Railways construction has been completed, with 3.5 km linking directly from Thailand to Thanaleng station by crossing the Mekong friendship bridge completed in July 2008. The design of the railway extension with the length of 9 km linking from Thanaleng to a station in Vientiane capital was also completed.

A feasibility study on the linking the rail line between Vientiane to Champasak via Takek was completed with grant aid from PRC.

2. The Water-Sanitation and Urban planning

Currently, Lao PDR has 1 capital and 16 provinces with 143 districts and 1,176 cluster villages.

Water Supply and Sanitation

In past decade many water supply systems were improved, and the current total number of water supply systems is 87 stations with pipelines in 73 districts (of total 144). Water supply systems can serve the public with safely clean water for 998,393 people, or 57% of the current urban habitation.

A total of 86% of urban households and 38% of rural households have sanitation systems, however open and unsanitary sanitation is still being practiced by 52% of the rural population.

Current on-going projects are as following:

- Pakse Environmental Improvement Project (ADB TA 7567- LAO)
- GMS Corridor Town Development Project (ADB TA 7644-REG)
- Hygiene Promotion and Sanitation Project in Champasack and Sekong (UN-HABITAT)
- Study, Survey and Design of the Water Supply and Urban Development in 12 Districts Project (NEDA)
- Thakhek Water Supply Development Project (JICA)
- Vientiane Capital Urban Development Master Plan 2030 (JICA)
- Vientiane Capital Improvement Water Environment Project (JICA)
- Formulation of Basic Strategies for Regional Core Cities Development in Lao PDR (JICA)
- Northern and central region water supply and sanitation Sector project (ADB)
- Small Towns Water Supply and Sanitation Sector Project (ADB)
- Xebangfay Water Supply and Sanitation Project (KOICA)
- Community based water supply and sanitation projects in Nongbua&Nongweng, Atsapangthong , Vilabouly, Lamam, Samakhixay, Xayabouly, Phieng and Khongxedone (UN-Habitat)
- Improved access to sanitation services in urban and peri-urban villages of Bolikhamxay and Khammuane provinces (UN-Habitat)

Solid and water waste management

Based on the Minister's decision on landfill management, issued in the end of 2007, all districts have set their own solid waste field. In Vientiane Capital and all the provincial capitals, sanitary landfill sites have already been installed, but all others are open dumping sites or waste storage fields. The capacity for solid waste movement from the city to these

fields is currently at 60% in Vientiane Capital, 55% in secondary towns, 50% in other provincial capitals, and there is no data for other small towns.

We have completed a master plan for water environment improvement for Vientiane Capital supported by JICA. In this moment, we have no operating urban sewerage systems or wastewater treatment plants at present, although in one MIREP sanitation project and two UN Habitat projects that are under construction.

Town plans

There are 126 districts (out of a total of 144 districts) that have town plans. Some urban infrastructure has been developed in the main cities such as in Vientiane Capital, all provincial capitals and some economic cluster areas. The revised Vientiane urban development master plan has just been finished in November 2010.

Lesson learnt from previous implementation efforts

Facilitating and coordinating

All development partners have paid attention and supported the financing plan, technical assistance and human resource development, mainly in the infrastructure sector and in parallel with coordination with the Government of Laos, which has been focusing on the infrastructure development for facilitating and encouraging the construction and development of country as well enhancing economic development.

Today, cooperation is being opened to new groups, particularly bilateral and multilateral collaboration with neighbouring countries, regional, Greater Mekong Sub-region countries, and other international financial agencies.

The Infrastructure Sector Working Group Secretariat functions as core coordinator for facilitating cooperation with other development partners, though the capacity of this working group secretariat still needs to be strengthened and developed.

Challenges

A large gap remains between development demands and the financing availability provided to implement plans in other sectors. Most of funds are currently received from external sources, mainly financed by development partners, and the yearly government contributions to some projects were inadequate. Furthermore, there were some projects completed where the disbursement of government funds is still pending and has continued to remain unpaid for many years.

Specifically, infrastructure construction can be not be implemented throughout the year, as construction is difficult particularly during rainy season, and the effects of natural disasters

can damage existing infrastructure, such as national roads that have been seriously affected by flooding and landslides.

Internal and external coordination is still not properly implemented, due to a need to strengthen coordination among inter-agencies, especially at the planning stage of the projects, in order to coordinate all road construction, drainage systems, water supply pipelines, electricity networks, telephones lines, etc. for instance all of drainages, water supply, electric network and telephones were constructing after the completion of road construction.

Many kilometres of road are in grave condition, as more funds are needed to improve and upgrade dirt roads into higher road class. (see the Table1)

The river ports are still below international standards, and there are almost natural river ports that lack navigation communication systems.

Domestic airport services still have lower standards and quality, especially in small domestic airports that are very old and do not have safe or secure air transportation communication equipment.

There is also not enough public awareness about solid waste management, and some people are not willing to pay for garbage disposal services, so people still burn solid garbage in their houses, hospitals, schools, communities, etc.

Illegal land embankments for residential buildings still appear in many town centers, and these illegal embankments block town drainage systems and do not follow town plans, that result in floods, waste collection and a bad town environment.

There is still the need to improve and develop strategic management mechanisms such as sector laws, regulations, decrees, guidelines and manuals.

Results from SWG Pre-consultation

The way forward Action Plan up to 2015

The direction and aim of further development in the infrastructure sector will be to continue creating a complete action plan that can integrate all subsectors into a complex action plan of the ministry, and the detailed implementation plan that has already been identified is as follows:

Core Programme

- **Programme 1:** Development of road network infrastructure to respond to regional and local linkages
- **Programme 2:** Development of transport facilities to support international trade and international goods and passengers movement
- **Programme 3:** Development of economic corridor service facilitation
- **Programme 4:** Development of urban and road side communities' infrastructures for production and trade promotion

Transport

Road Network improvement and construction

The development goals for the road network development for different classes of road are as follows:

- **National roads and bridge**
 - Preservation and maintenance of the existing roads.
 - Construction of the sub-regional roads that already have financial commitment, and mobilization of domestic and external resources for the construction of other sub-regional roads.
 - Construction of other national roads.
- **Provincial roads**
 - Preservation and maintenance of the existing roads.
 - Ensuring all year round passability of provincial roads connecting district centers, the sections of which that are economically justifiable to be paved.
 - Supporting provinces in the development of provincial road management systems.
- **District and rural roads**

- Upgrading and improving district and rural roads connecting focal zones and Kumbans (clusters of villages) to the standard that they are accessible at least during the dry season.
 - Supporting the provinces and districts in the development of rural roads management, including construction and maintenance, using participatory approach.
- **Special roads**
 - Collaboration with other agencies concerned with special roads development, aiming at sustainability and optimum use of the roads, road access to the tourism and important historical site, through ensuring that proper maintenance is carried out. Continue improvement of road network linking from central region, region to borders in GMS, Continue improvement of road network linking with neighbouring countries and others in the North-South Economic Corridor, East-West Economic Corridor, Continue improvement of rural roads linking within provinces, between provinces and villages including provincial, districts and rural roads, Continue improvement of access roads linking with significant places in an environmental, natural bio conservation and tourism destination.

Transport facilitation

- **Passenger and cargo transportation**, Development goals for passenger and cargo movement facilitation are:
 - Modernize transportation with attention to environmental aspects, energy saving, and the use of modern technology and types of vehicles appropriate to the standards of the roads.
 - Improve quality of services, thus improving the competitiveness of the local transportation industry.
 - Plan for multimodal transport, with development of logistics services.
 - Develop and modernize public transport in big towns, thus promoting greater use of public transport.
- **Road safety**: although much progress has been made, there is much work yet to be done. The most important and immediate road safety program measures are:
 - Strengthening the road accident data system;
 - Planning safe roads;
 - Educating children/young adults in road safety;
 - Driver training/Vehicle testing;
 - Training of traffic police/law enforcement; and
 - Providing equipment required for training and enforcement.

These measures will be implemented by a comprehensive rolling program during the duration of the Strategic Plan. The program will be supported by appropriate funding and

amendments to the present road safety legislation. The government will continue its efforts to improve road safety for the indefinite future and further initiatives will be continually added to the program.

Inland waterways improvement

Development goals for inland waterways development are:

- Maintaining and maximizing potential use of existing ports through encouraging the users of other modes to use waterways, since the cost of transportation by this mode is more economical.
- Seeking funds for conducting feasibility assessments, designing, and constructing ports along the Mekong and its tributaries.
- Collaborating with Vietnam for the development and use of deep seaports in Vietnam.
- Seeking funds for conducting feasibility assessments, designing, and constructing bank protection for the Mekong and its tributaries.
- There are Plan to construction and improvement Mekong river port at (i) Pak Beng port (ODX); (ii) Xiengkong port (LNT); (iii) Kokchong port (LPB), (iv) Improvement Ban Vang port (VTE.prov) and (v) Construction Ban Mouang ferry port(CPS):

Continue improvement of navigation along the Mekong river and other tributary rivers, improve and construct ports in appropriate location where are needed including river bank protections as following:

- Waterway Transport development and river port construction requiring amount of \$60.72 million.
- Construction the riverbank protection and prepare response for flood requiring amount of \$204.17 million

Air transport Improvement

Development goals for the civil aviation development are:

- Preserving and maximizing the potential use of existing airports.
- Seeking funds for feasibility studies, design, and construction of a new international airport in Vientiane and other small airports.
- Strengthening the airline industry toward international standards, in collaboration with foreign firms.

- Improve and update aviation services completely with high security, improve airport to be standardized for further acceptance of an international aircraft, improve airport control system, mainly communication system should be likely the international system.

Railways Improvement

Development goals for the railways development are:

- Preserving the existing railway and maximizing the benefit from the use of the railway through using the railway for transportation of goods across the border.
- Seeking funds for conducting feasibility assessments, designing, and constructing railways connecting sub-regions, particularly for the extension of the railway from the existing terminal to the outskirts of Vientiane Capital and to Vietnam and China in the future.
- Survey and design including preparation of feasibility study report on railway improvement in both vertical (North-South) and horizontal lines (East-West), encouraging the exploitation of railway for transportation of goods, and mobilizing funds.

Urban Development and Water Supply Improvement

Continued improvement and construction of the urban road network, while paying attention to the promotion, reservation and development of architecture and cultural heritage, and improve and construct water supply systems and sanitation works in districts. Develop green-clean town also tow decoration system such as the drainage, light and cable systems, town gardening, design zone of town, solid and water waste management to respond to climate change and reduce greenhouse gases.

The water-sanitation and urban development plan for the 5 year period until 2015 will consist of 15 projects under 4 programs below:

- **Programme 1:** Improvement of organizational structure of the urban planning and development authorities to have a capacity in the urban planning, development and management
 - *Project 1:* To strengthen the responsible organizations to have capacity in the urban planning, development and management
 - *Project 2:* To raise awareness among people of different social strata to participate actively in the urban planning, management and development
- **Programme 2:** To make and amend the legal acts and technical standards which are related to urban sector.

- *Project 3:* To amend the legal acts which are related to the urban sector.
- *Project 4:* To develop the technical standards which are related to the management and urban development.
- **Programme 3:** Basic Infrastructure Development and Urban Environment Works
 - *Project 5:* To make plan for development of urban water supply systems.
 - *Project 6:* To work out plan for development of urban sanitation systems.
 - *Project 7:* To draw up plan for development of municipal solid waste management
 - *Project 8:* To devise a plan for development of urban transportation systems.
 - *Project 9:* To make plan for development of urban housing.
 - *Project 10:* To develop urban centers, rear towns (home front) for the national defense and national security works.
- **Programme 4:** Land use planning at all levels countrywide
 - *Project 11:* To work out plan for development of country physical planning.
 - *Project 12:* To draw up plan for development of regional physical planning.
 - *Project 13:* To devise a plan for development of provincial structural plans.
 - *Project 14:* To make plan for development of district structural plans; to revise the existing urban master plans, to develop new urban master plans for those towns that have no urban master plans.
 - *Project 15:* To work out detailed plans for the towns, special plans for each zone, urban quarter of central towns, rear towns for the national defense and national security, check point towns and towns along the country borders, towns along the GMS economic corridors, special economic zones and Development village clusters.

Cross-cutting

There are 15 capacity and institution strengthening projects designed in relation to the improvement legal documents, development strategies, and human resource development in different working areas.

GOVERNANCE

General Information

Governance Sector Working Group

Chair: Public Administration and Civil Service Authority, Ministry of Justice

Co-chair: UNDP

Sub-Sector Working Groups:

Public Service Improvement Subsector Working Group

Chair: Public Administration and Civil Service Authority

Co-chair: Swiss Development Corporation

Legal and Institutional Oversight Subsector Working Group

Chair: Ministry of Justice

Co-chair: European Commission

Background and Process of Consultation

Review of the status of implementation of major activities within the sector (since the Round Table Meeting of October 2010)

Overview

The significance of good governance in the development strategy of Lao PDR is central to ensuring that growth is both equitable and sustainable. Clear directions for governance reforms have been provided by the 9th Party Congress, held in March 2011. The four elements of the breakthrough strategy approved by the 9th Congress affirms the move from conservative ideology to pragmatic modernization, critical investment in developing human resources, improving management and governance systems, and mobilizing resources for infrastructure and programmes that will eradicate poverty. The 7th National Socio-Economic Development Plan (NSED) “Growth with Equity” for 2011-2015 stresses the need for the public administration to be accountable, effective, transparent and responsive in order to guide the development of the country in a unified manner and to implement the State’s duties in all fields, a capable and transparent public administration is needed at national and sub-national levels.

The five-year national plan also recognizes good governance as a cross-cutting objective of critical importance, calls for an expansion of people’s participation and, for the first time, points to the key role of civil society. The plan stresses development of the rule of law state and the role of public administration in building the nation, the need to simplify administrative rules and procedures, improve and unify human resource management and

upgrade the skills of civil servants to improve their effectiveness, efficiency and ethical behaviour. The breakthrough strategy has important implications for the direction of governance reform and capacity development in the institutions that have to implement the next 7th NSEDP.

The latest Strategic Plan on Governance (2011-20), which has been reviewed to incorporate the resolution of the 9th Party Congress and will be submitted to the National Assembly for approval end of 2011, follows the earlier framework (2006-2010) with four pillars “Public Service Improvement, People’s Participation, Rule of Law and Sound Financial Management”. It also outlines the main priorities for governance reform in the immediate and medium term.

This report provides an overview of the progress in relation to the first three areas; details regarding progress on Public Financial Management are provided by the reports from the Sector Working Group on Macro-Economic Management.

Public Service Improvement

Efforts to improve state management, reform machinery of the Government, improve civil service management and strengthen central-local relations continued during the year. Steps to improve state management included adoption of four new Laws in relation to Measurement, Arbitration, National Assembly, and Election. Several Decrees have been prepared and submitted for approval to provide legal framework to support ICT development and use, which include those on Technology Transfer, National Science and Technology Week, and Chemical Danger Management. The government approved and promulgated Decree on policies for staff-civil servants working in Remote, Isolated and Difficult areas, No 468/PM, in November 2010. MOHA initiated steps to pilot the implementation of this decree in two provinces, before roll out to the rest of the country. Decree on Foundations No.149/PM was promulgated in May 11. The Decree on Municipalities has been deferred till the revision of the Law on Local Administration has been completed.

The government has improved the structure of its machinery by increasing the number of ministries from the 14 set up in 2006 to 18 ministries in June 2011. Sectors with similar work were merged in the interests of efficiency and to better implement Party policies. Steps were also initiated to clarify the PM Instruction 01/2000, which provides framework for sharing responsibilities across different levels in the administration, with emphasis on the growing importance of the role played by district administrations in implementing local development programmes. PACSA has been upgraded to a new Ministry of Home Affairs (MOHA), with a much-expanded mandate consisting of 13 Departments, one institute and one center. In addition to its core functions related to public administration reform and civil service management, the Ministry will be responsible for policies related to ethnic

matters, religious matters, geographical information, staff rewards programs and other assigned tasks. As a full Ministry it will establish organizational machinery at the provincial and district levels to implement its mandate. In the course of its work, the Ministry for Home Affairs will also be developing technical papers to update the Constitution, as well as the Law on Government and the Law on Local Administration, in line with the Party directions to establish local councils. MOHA will also have a major responsibility to address the many tasks that will be assigned to the Ministry from the Strategic Plan on Governance.

Progress has been made in supporting organizational systems for service delivery through identifying lessons from organizational analysis pilots and training seventeen organizations to prepare for a wider roll out of initiatives to improve service delivery. Steps were undertaken to revise the manual for training village administration as part of strengthening village management. A pilot organizational analysis at the village level was initiated by the Local Administration Department with close involvement of Vientiane province authorities.

A framework for district administrations to track improvements in service delivery has been developed and piloted in two districts of Xiengkhouang province. This low-cost framework allows for simple comparative analysis by provincial administrations across districts, and tracking improvements that have been achieved with potential for strengthening supervision and tracking by district administrations, could be scaled up. A similar initiative was previously piloted in Luang Prabang to establish a provincial service delivery oversight mechanism – Service Delivery Information System (SDIS) aimed at assisting local authorities to oversee and monitor service delivery in priority sectors in line with MDGs and NSEDP goals and help decision makers make strategic decision based on identified needs.

16 ODS centers have been established in 10 Provinces and in Vientiane Capital since the Prime Minister's instructions regarding the expansion of One-Door-Service (ODS) Centers to all provinces (Ordinance 86). The future directions for ODS Centers in Lao PDR was reviewed by stakeholders from different ministries and provinces, in preparation for developing the strategy for strengthening service delivery. Efforts will be made to strengthen capacity of ODS staff, improve coordination between offices and reduce cumbersome procedures. Support to preparing a strategy for ODS development will be provided by the National Governance and Public Administration Reform programme.

The Government continued to take important steps to strengthen civil service management. The guidelines to implement the Civil Service Management strategy has been prepared and reviewed to be presented to the Government for approval. The Civil Service Training Center made progress with it work plans and direction for future support for systematic capacity building. Steps were also taken to increase the capacity of current

trainers and add more trainers, through a Training of Trainers programme. The government's Personnel Information Management System (PIMS) continued to be expanded. Support to the implementation of PIMS continued in fourteen organizations. PIMS has been introduced across 26 government offices at central and provincial levels. An implementation instruction for mandatory use of PIMS across the country will be issued by the Government in the near future.

The Gender in Governance Strategy action plan has been prepared and revised involving all key stakeholders. It is expected to be submitted to the government cabinet for approval in November 2011.

As part of regional cooperation to strengthen civil services in ASEAN Member States, MoHA (then PACSA) has been active since 2009 in fulfilling all obligations of membership and commitment by Lao PDR under ASEAN agreements. In 2009-2010 MOHA hosted 7 meetings related to ASEAN Conference on Civil Service Matters (ACCSM) including ACCSM Plus Three Meeting. 6 main documents were endorsed; two of the key documents were Operationalization of ACCSM Work Plan 2008-2015 and Luang Prabang Joint Declaration on ASEAN Plus Three Civil Service Cooperation.

Significant further progress has been achieved in expanding the use of information technology in governance. The existing infrastructure for accurate and speedy transfer of civil service data has been improved through installation of local area network (LAN) for 260 offices, intranet system for 130 offices, virtual private network (VPN) for 3 sectors cross-connection, and teleconference facility for 20 offices. Applications related to information management for ministries such as e-document, e-archive, e-inventory and e-registration have been installed, connected and trained in 130 offices, as well as e-households book in 40 villages. Over 600 officers were trained on ICT.

The fiscal decentralization related initiative (District Development Fund) to help expand the availability of services in five provinces has continued. This initiative is implemented in close coordination with the Ministry of Finance, the Ministry of Planning & Investment and provincial administrations in 35 districts across Saravane, Houaphan, Oudomxay, Xiengkhouang and Sekong. These districts are provided with the authority and financial resources to plan and undertake small investments to strengthen local service delivery and take on more responsibilities in local development. 286 small projects covering health, education, small roads, irrigation and markets were undertaken in this modality. Piloting of the Operational Expenditure Block Grant component to the DDF system commenced in 2 districts of Xiengkhouang Province. The progress was reviewed, and observed to be making significant impact. The feedback suggests that Operational Expenditure Grants may be preferred over support for capital investments, in case the availability of funds is limited.

Formulation of the new National Governance and Public Administration Reform (NGPAR) Programme 2011-2015 was carried out by the team of advisors to PACSA (now MoHA) in January 2011. The programme framework builds on the Strategic Plan on Governance 2011-2020 and PACSA's proposals for the 7th NSEDP, to address the sector in a holistic manner. It has been internally reviewed by PACSA and key ministries and aligned with the Party's breakthrough strategy provided by the 9th Party Congress. The Government launched this programme in July 2011 as its National GPAR Programme using a programme-based approach integrating all aspects of governance reform and capacity development. The programme has 69 outputs which have been grouped into 8 clusters with the proposed budget of US\$ 44 million, which includes a committed Government contribution equivalent of US\$ 8 million. The programme also marks major shift and improvement from the current project-based Programme, in terms of use of national systems as well as focus on scale up and mainstreaming of successful pilots.

Rule of Law

Over the past year Lao PDR has stayed active in adopting and moving towards compliance with international obligations. In September 2011, Lao PDR ratified the Multilateral Agreement on the International Think Tank for Landlocked Developing Countries. This is part of the Government's effort to ensure that Lao PDR becomes a *land linked* country. Following the adoption of the Presidential Ordinance on Treaty Making in 2010, the Ministry of Foreign Affairs initiated the process to help translate the Ordinance into a law on treaty making to be passed by the National Assembly during the term of the Assembly this year. Lao PDR also hosted the first drafting meeting on the ASEAN Declaration on Human Rights. Since then two further meetings have been held in Cambodia and Thailand. As part of the peer review process under the United Nations Convention Against Corruption (UNCAC), Lao PDR together with Montenegro, reviewed Croatia. Lao PDR will be reviewed by Mongolia and Luxembourg by the end of 2011. Lao PDR commenced the implementation of the UPR recommendations it had accepted with the training of prosecutors, law enforcement officers and members of the judiciary, which will address specific UPR Recommendations of 28, 29, 30 and 31. The Ministry of Foreign Affairs has commenced work on a National Action Plan for the implementation of the Recommendations.

The implementation mechanism of the Legal Sector Master Plan (LSMP), officially adopted in September 2009, has been further strengthened. The ongoing consultation phase is preparing the way toward a concrete implementation of updated priority initiatives aiming at enhancing access to justice, enabling legal empowerment and developing the capacities of law related institutions. In this regard, the first LSMP Inter-Agency Working Committee Meeting was held in June 2011 to further strengthen the existing LSMP implementation mechanism with the functional secretariat under the leadership of Ministry of Justice,

Ministry of Public Security, People's Supreme Court, and the Office of the Supreme People's Prosecutor. The plan to establish a national steering committee for the LSMP implementation has been integrated into a larger framework of the National Leading Board on Governance, which is expected to be established by the end of 2011. The National Leading Board will oversee not only the rule of law and people's participation components but also sound financial management and public service improvement pillars as well and will be chaired by a Deputy Prime Minister.

The 4 core agencies of LSMP implementation (Ministry of Justice, Ministry of Public Security, Office of Supreme Public Prosecutor, and People's Supreme Court) have been actively engaged in various activities, including the training on law drafting technique and study tour to France led by Vice Minister of Justice. The training on law drafting technique helped strengthen capacity of government officials to draft and/or amend several laws such as Law on Criminal Procedure and Law on Public Security. While the delegation just completed the study tour to France in the beginning of October 2011, they have already organized a workshop on main findings of the study tour to France where participants gained useful lessons learned and discussed possible implementation of good practices on legal educational system and human resources development relating to civil servants.

During the period of 2010-2011, the Ministry of Justice placed its focus on strengthening the capacity of local justice, which entailed training local authorities and village mediation units on laws aiming to further improve people's access to justice at a village level. The People's Supreme Court has focused on restructuring of local courts from 143 to 39 area courts and held a national conference in May 2011 to discuss most difficult cases. The Office of Public Prosecutor has also placed the importance on restructuring local prosecutors in line with the court structures. The Ministry of Public Security concentrated its efforts on training of 30 investigation officers at both central and local levels in order to further improve the police investigation techniques.

The domestic legal framework has been also further improved with the adoption and amendment of such Laws as Law on Measurement, Law on Arbitration, Law on National Assembly, and Law on Election) were amended. Sets of new legislations, including Law on Promotion of Small and Medium Enterprises, Law on Lawyers, and Law on Libraries are drafted and now considered for submission to the National Assembly in December 2011. The Law on "Juvenile Procedures" will also be developed by the People's Supreme Court to ensure that the children's rights are protected and the guiding principles on justice for children are incorporated in all stages of justice process and the legal provisions and guidelines comply with international norms and standards. This law will be submitted to the National Assembly by the end of 2012.

The National Assembly initially targeted 17 laws to be drafted or amended in this year's session, but it is expected that roughly 11 laws will be submitted for approval in the upcoming session in December. The 5-year plan adopted by the National Assembly remains quite ambitious with the total of 48 new laws to be passed and 43 laws to be amended in the period of 2011-2015.

Lao PDR has made a significant progress also in terms of raising awareness on the existing laws among the public and relevant government officials in order to further improve knowledge management in the legal sector. Exhaustive compendiums of legal texts have been provided to central, provincial and district officials and villages, while more systematic database of laws and regulations will be achieved through establishment of the LSMP website.

The ten-year *'Strategic Framework for Justice for Children in the Lao PDR'* was developed and is integrated in the rule of law of the Lao PDR and its related guiding principles and aims. It is developed with a view to support the Lao PDR Government with the implementation of justice for all child offenders and all child victims and child witnesses of crime and the harmonization of its justice for children system with international standards and norms set out in the *'Convention on the Rights of the Child'* and *'United Nations Approach to Justice for Children'*.

Finally, as it was mentioned in the progress report last year, a comprehensive survey on access to justice as well as a survey on customary law which included all 49 ethnic groups officially registered in the country have been completed and are in the finalization process. These survey reports are expected to be published in the near future, and will provide crucial information regarding how customary practices can be harmonized with the formal justice system as well as how the legal rights of the poor and vulnerable can be better protected by improving access to formal and semi-formal justice systems.

People's Participation

The National Assembly is in a unique position to promote and ensure good governance in the country. It is both the highest organ of state, and the highest representative of the Lao people through elections. Over the years, the National Assembly has increasingly strengthened its role as in law-making through improved scrutiny of laws; adopting the social and economic development plan, and state budget; as well as its increasing oversight role over the Executive.

Last April 2011, the National Assembly conducted successful elections of its Members. A total of 132 were elected as the Members of the 7th Legislature. Out of the 132 elected Members, 90 are new parliamentarians or 68% of the total NA Membership. Twenty five

percent (25%) of the total NA Membership are female members placing the Lao National Assembly among the highest in the region in terms of representation of women

The National Assembly held its inaugural session of its 7th legislature in June 2011. During this period, the NA members elected a new Assembly President, State President, Vice President and Prime Minister of Lao PDR, and approved the appointment of government ministers, and other high-ranking officials. The new National Assembly structure including the appointment of President and Vice Presidents of Committees has also been approved during the inaugural session.

During the inaugural session of the 7th legislature, the law on taxation was amended. For the next five years, the National Assembly plans to approve a total of 91 laws, which includes 48 new laws to be drafted and 43 laws to be revised. This further demonstrates the commitment of the National Assembly in the promotion of the rule of law and bringing justice to society in general.

The Decree on Association has been operationalised and 77 associations have applied for registration. 9 associations have been officially registered as of October 2011. In addition, a Decree on Foundations was passed in March 2011. The Ministry of Home Affairs (formerly PACSA) is currently drafting the guidelines for the decree. MOHA's Civil Society Division continues to advise associations & foundations, government officials in line agencies, the provinces and districts on registration processes on the two decrees.

Community Radio has emerged as a suitable and highly effective approach to enable poor, remote and ethnic communities to actively contribute to local development. Steps to improve availability of information for citizens through community radios broadcasting also in local languages, village information boards and speaker systems continue to make progress. Community radio is seen as an important development tool especially in remote areas and the Government seeks to expand its coverage to all 47 poorest districts of the country. Currently, the establishment of 2 new community radios is on-going, one in Sekong and one in Xieng Khouang province. Further expansion of the network is planned over the next 5 years and some of the community radios may apply for registration as an Association.

Activities of the Governance Sector Working Group

The Governance Sector Working Group has continued to be very active and has made significant contributions during 2011. Strong leadership has been provided by the Ministry of Home Affairs and Ministry of Justice, along with UNDP, and the Co-Chairs of the Sub-sector Working Groups namely Swiss Agency for Development and Cooperation (SDC), and the European Union (EU).

The representatives of the Co-Chairs have met periodically to provide guidance and to support the implementation of decisions made by the Group. The two Sub-Sector Working Groups, on public service improvement and on legal and institutional oversight, have actively contributed during the year to dialogue on key and emerging themes between government and development partners.

The Public Service Improvement Sub Sector Working Group (PSI SSWG) held two thematic workshops in June and August 2011 respectively. The first workshop was on the theme “Framework on future GPAR Programme and PSI pillar of Strategic Plan on governance”. The discussions provided a platform to inform key stakeholders about the upcoming National GPAR Programme. The second thematic workshop addressed three themes: i) Framework to Monitor District Service Delivery; ii) Managing Contract Staff and Incentives for Civil Servants in Remote areas; and iii) an update on the Public Service Improvement Information Matrix which captures all ongoing government and development partners initiatives with regard to the sector priorities and goals.

The Legal and Institutional Oversight Information Sub-Sector Working Group conducted a thematic workshop in August. The themes covered in this workshop were “Restructuring of the Law Implementing Agencies and the update on Legal and Institutional Oversight Information Matrix”.

Representatives of the Co-Chairs of the GSWG and the sub sector working groups met in September 2011 for a Mid-year review to assess, monitor the progress and provide guidance on the planned activities.

Technical assistance was provided by MOHA, MOJ, the National Assembly and UNDP to prepare the sub-sector information matrices. In preparing these matrices, several offices made several inputs in relation to tasks set in the Strategic Plan on Governance.

Information Sharing

The Sector Working Group mechanism continued to strengthen systematic information sharing.

The Sector Information Matrices have been updated three of the four areas of the Strategic Plan on Governance (SPG) 2006-2010: Public Service Improvement, Rule of Law and People’s Participation. Strong support has been given in updating the Governance Sector Information Matrix 2011. The offices involved in compiling the information now have better understanding of the steps involved, and have cooperated well to provide details. Some adjustments to the framework were made to help offices report significant achievements, other than those related to the Strategic Plan on governance targets. The next step will be the preparation of a road map for the upcoming Strategic Plan on

Governance 2011-2020, so that support can be effectively channelized for activities envisaged in the Strategic Plan.

Sector Coordination

The activities that took place have strengthened the internal coordination between key ministries and development partners. As a sector working group, it is important to go beyond focusing and reporting on our routine work, where inter-ministry and cross-sector cooperation is limited. A special effort must be made to focus more on issues and activities where cooperation and joint efforts between the ministries and offices are taking place. Useful contributions can be made by using the sector working group as a platform to strengthen the cooperation.

Steps have been taken to strengthen the GSWG Secretariat. The structure of the Secretariat was revised, and relevant members identified and nominated. The strengthened Secretariat has met regularly, and discussed the activities. The work of the secretariat is a complex task, and involves a lot of internal work within the ministries and offices to collect and share information.

Results from SWG Pre-consultation

The revised Strategic Plan on Governance 2011-2020 will be submitted to the National Assembly in November 2011 for approval. While the overall priorities and targets of the previous and the new Strategic Plans are the same, the new Plan has been adjusted to address the Breakthrough Strategy announced by the 9th Party Congress. The Strategic Plan is likely to be approved by the National Assembly next month.

Once the Strategic Plan on Governance is finalized, a high priority will be formulation of a governance sector roadmap and use it to facilitate sector coordination, monitoring of sector progress as well as time bound implementation. The definition of tasks and support required, which is expected in the roadmap, will also enable all stakeholders to focus on actionable and priority areas. The road map will guide the implementation of the Strategic Plan on Governance (2011-20) to maximize the sector's cross-cutting impact on achieving the MDGs though linking results, targets and indicators directly to the NSEDP and MDG indicators.

The Governance Sector Working Group Secretariat has prepared a draft framework ready to monitor progress of implementation of the Strategic Plan on Governance. The framework provides an approach to translate the high level targets into operational activities with timelines and outputs that have to be achieved. Such a detailed framework will closely align with the plans and work of the implementing offices. Forms for collecting information and reporting progress have been prepared which will be shared for feedback.

The Roadmap will also become the basis for the new Governance Sector Information matrix. The Information Matrix has served well as a platform for sharing information in priority areas. The new matrix would need to be flexible to include updates on progress in areas not listed in the Strategic Plan, since some of them come up after the Strategic Plan has been finalized.

A key priority in establishing sector working groups was facilitating better coordination and alignment of development assistance in the sector. Once the strategic plan is approved, there will be clarity on tasks and targets. Hence, an important priority for the SWG, during 2012, would be to continue developing and implementing proposals for better alignment and harmonization of development assistance in the sector.

It is envisaged that a high-level government body will be established in the form of a National Leading Committee for Governance to guide and oversee implementation of the Strategic Plan on Governance. The GSWG would be playing a complementary role in sharing information from its work with this high level body. Clarity on the modalities to be followed to share information would be sought. This would also help address the issues in securing timely multi-stakeholder support for policy level interventions.

While the collaboration and partnership within the GSWG has been strengthened over the last two years, much more remains to be done in terms of collaboration with other sectors. The initial steps, in the form of sharing information and participation of the other sectors in GSWG meetings, needs to be taken further with a concrete plan of action involving one or more other sector working groups. The focus of such collaboration could initially be around governance sector support to achieve one or more specified MDGs as outlined earlier. A review of the SWGs carried out in 2011 also recommended to closer integrate and formally link the Public Financial Management and Strengthening Programme (PFMSP)/Ministry of Finance to the GSWG as it represents the 4th pillar of governance reform, i.e. “Sound Financial Management”.

The activities of the GSWG up to now have been supported through ad hoc funding from different projects. Given the strong foundation that has been established for the GSWG and its Secretariat, it would be useful to have committed resources to support the activities planned over the next five years. This has been partly reflected in the proposals for financing presented by MOHA, to the MPI, for the 7th NSED.

An important reason for the growing strength of the GSWG is the experience and capacity of the Secretariat. Strong leadership and support from all stakeholders have made this possible. The terms of reference for the SWG call for substantial commitments of time and resources to achieve the planned results. Stakeholders who are supporting the Secretariat will need to make necessary adjustments in the allocation of tasks and time of these personnel, so that they can address these tasks effectively.

The nature of work of the governance sector does not easily lend to quick, easily visible and quantifiable results. It is important to recognize intermediate steps and results when they are achieved, and engage in dialogue with stakeholders to keep the momentum. Collaboration between multiple agencies or sectors would be useful.

AGRICULTURE, RURAL DEVELOPMENT AND NATURAL RESOURCE MANAGEMENT

General Information

SWG ANR Structure

- **Chair:** Ministry of Agriculture and Forestry and **Co-chair:** France
- **Secretariat:** Department of Planning and Cooperation, Ministry of Agriculture and Forestry and AFD.
- **Five sub-Sector Working Groups:** SSWG Irrigated agriculture, SSWG Forestry, SSWG AgriBusiness, SSWG Uplands Development, SSWG Water Resources and Environment.
- **Relevant line agencies:** Ministry of Energy and Mines (MEM), National Land Management Authority, the National Leading Committee for Rural Development and Poverty Eradication (NLCRDPE) and Water Resources and Environment Agency (WREA) -until MONRE was created.

Background and Process of Consultation

Rationale

The Agriculture, Rural Development and Natural Resources Management Sector (ANR) continues to play an important role in the economy of the Lao PDR. The rapid development in Lao PDR has been helped by a number of investment projects, particularly in mining and hydro-electricity production that are within the ANR sector. The impacts that these projects have on the environment need to be carefully managed. The majority of the population still directly depends on agriculture for their livelihoods and efforts at reducing poverty by the Government and Development Partners targets low-income farming households. Natural resources also provide essential environmental services and economic safety nets. Climate change is causing severe weather conditions that destroy crops and livelihoods. Measures to mitigate these impacts need to be put in place.

The importance of Agriculture and Natural Resources to the development of the Lao PDR is reflected in its central place in the Government of the Lao PDR's (GOL's) 7th NSEDP.

The Agriculture, Rural Development and Natural Resources Management sector is expected to support improvements in food security, employment creation and poverty reduction as well as well as generate incomes and tax revenues. In forestry, the plan is to increase forest cover to 65% of the land area by 2015. Almost 4 million ha of deteriorated forest area will

be rehabilitated and another 200,000 ha will be reforested. Land management remains a priority area for the ANR Sector and the target of 1 million land titles is still in effect.

The strategic direction for agriculture and forestry based development is to ensure a gradual transition from subsistence to commercial production whilst ensuring an appropriate and sustainable use of natural resources. Efforts will continue to be made to improve relevant technologies that bring high value and efficiency to the sector e.g. high value crops, expand irrigation and maintaining soil fertility while linking smallholders to markets. Where exports of agricultural commodities are the aim, quality control measures will be strengthened. This will be complemented by the encouragement of contract farming linked to foreign investments and the granting of concessions for larger scale commercial farming. In contrast the emphasis for the uplands will be on ensuring food security, diversifying crops and promoting an increase in holdings of livestock. A central unifying theme for the sector is the continued development and strengthening of human resources.

Energy and mining investment and production are major contributors to the growth of GDP in Laos. Increased levels of production of gold, copper and coal were underpinned by higher international mineral prices. The contribution of energy and mining to GDP rose from 5.8% in 2005 to 13% in 2011. The electricity grid is expanding rapidly and by 2011 72% of households had access to electricity, up from 49% in 2005.

Several emerging trends present challenges to the sector. The adverse impacts of climate change, already evident with the flooding this year, may have a disproportionate effect on low-income households. As farming becomes more commercial, smallholders will be exposed to fluctuating world market prices for agricultural commodities. Further, in order to break into international markets, more attention will need to be paid to quality and phyto-sanitary standards. In the uplands efforts to increase food security have to offset the effects of reducing swidden agricultural practices. There will be special challenges of maintaining soil fertility in relatively poor soils under conditions of stabilized cultivation. The relatively small number of female extension staff will present barriers to reaching women, especially those belonging to ethnic groups, yet women play a major role in agricultural production. The on-going scarcity of the government's own funding will limit its ability to implement planned activities without complementary funding from ODA and FDI. It has also been recognized that not all FDI is good investment. While GOL is seeking to promote FDI that supports smallholder production systems and reduces poverty, there have been examples of exploitative relationships between foreign investors and local farmers that have not had the desired effect.

Despite rising electricity production and expansion of the grid, nearly 30% of households remain without electricity and many of those with access are too poor to pay. Further expansion of hydro-electricity production has to balance income and profit against the

negative impacts of altered water courses on farming and fishing communities. Increases in mining concessions may compete with land for farming; mining production generates effluent that can damage local water sources; mineral processing emits gases that reduce air quality and can cause health problems. It is the role of the government to oversee energy and mineral production, and to ensure that production is consistent with social and environmental safeguards. However, limited resources and capacity weaknesses limit its effectiveness. So long as mineral prices remain high and the overseas demand for electricity remains strong, there will be tensions between the drive for financial returns and the need to protect communities and the environment.

Pre-consultation Meetings Process

In order to prepare for the RTIM under the structure of the SWG ANR, five SSWGs members met to prepare their submissions. The secretariat developed guidelines for the preparation of the SSWG reports. Meetings took place as follows:

- SSWG AgriBusiness – 4 October 2011
- SSWG Uplands Development – 7 October 2011
- SSWG Irrigated Agriculture – 11 October 2011
- SSWG Forestry – 17 October 2011
- SSWG Water Resources and Environment – 17 October 2011
- Core SWG ANR – 1 November 2011
- Full SWG ANR – 14 November 2011

The SWG ANR report was composed base on reports from the five SSWGs plus information presented by MAF, MEM, Land Management Authority, NLCRDPE , MoNRE at the Core SWG Meeting on 1st November. The draft report was circulated for comment by chairs and co-chairs of the SSWGs.

Alignment with 7th NSEDP

Review of progress in first year of implementation of 7th NSEDP

Government activities to implement the 7th NSEDP over the last year involved both direct action and regulation. Owing to its limited investment resources, the Government focused on institutional reorganization and capacity development. The GOL continued to relocate government experts to support work at kumban and grassroots levels. This was complemented by capacity development of local government officials to better plan and implement poverty reduction and rural development programmes. In addition the

Ministries continued to work with development partners to design and implement agricultural and rural development Programmes and projects.

An increasing role for the relevant line Ministries staff has been the supervision and regulation of private sector investment in agriculture, energy and mining. Although FDI headlines often focus on mining and hydro-electric schemes, agriculture is fast being transformed by commercial concessions and rapidly increasing levels of contract farming.

The ANR sector continued to be greatly involved in disaster mitigation and relief efforts following the extensive flooding that resulted in 2011. Despite the effects of these natural disasters the ANR sector made significant progress in the following areas:

- Rural electrification projects focused on serving both domestic users and to linking with external transmission lines;
- Overall, energy and mining grew at a rate of 25% in the last year. Electricity alone grew 12% while mining grew by 30%;
- Decree No. 285/PM on Poverty and Development Criteria for 2010-2015 was used for a diagnostic study of poverty status;
- The growth rate in agriculture and forestry was estimated at 2.8%;
- Rice production was estimated at 3.1 million tons, (a slight increase on last year, despite the flooding of some major rice-growing areas);
- Secured 30,000 tons of national rice reserve and the contribution of 3,000 tons under the ASEAN Plus 3 Emergency Rice Reserve (Apterr) Agreement;
- Production of meat and other protein sources continued to rise to 43kg/head;
- Production of commodities such as maize, sugar cane and cassava either rose or remained stable, with almost 1 million tons of maize produced;
- Coffee production continued to increase and it expected to reach 47,000 tons for this year;
- Forest cover continued to improve;
- The area of irrigated agriculture continued to increase (16,510 ha of existing irrigation schemes was rehabilitated and a further 16,000 ha of new irrigated land was developed).
- Two River Basin Committees (Nam Ngum and Nam Theun-Nam Kading) were established to manage integrated water resources in river basin level;

- A Disaster Early Warning System was established for areas of high risk. These included Luang Namtha, Xayaboury, Borikhamxay, Khammouan, Savannakhet, Saravanh, Champasack, Xekong and Attapeu provinces;
- New national environmental quality standards were established;
- A model for urban environment management was created and 4 municipalities along the Mekong river (Luang Prabang, Vientiane Capital, Kaysone Phomvihanh - a new district in Savannakhet Province - and Pakse) were designated green and clean areas;
- A Clean Development Mechanism (CDM) is being applied in Laos to promote carbon credits for investment projects in agriculture, forest and hydropower.

In addition to the above achievements, the Agribusiness Sub-sector Working Group completed studies of farmer organizations and public private partnerships (PPPs) in agriculture. It also supported the capacity building for an Agribusiness Advisory Service (ABAS) and contributed to the development of a strategy for NAFES. The Forestry Sub-sector Working Group completed the demarcation of three forest types: conservation forest, protection forest and production forest. Estimates of areas of each are as follows: 4.7 million ha of Conservation Forests, 8.2 million ha of Protection Forest, and 3.1 million ha of Production Forests.

Results from SWG Pre-consultation

Priorities for the 2nd year implementation of the 7th NSEDP

ANR sector plans for the second year of implementation of the 7thNSEDP are defined in terms of sub-sectors. Details of the five SSWGs are shown in the table below:

Sub-SWG Forestry

- Acceleration of restoration of forests and tree planting, in line with the Forestry Strategy 2020 (FS2020).
- Promotion of Community-based forest management.
- A based map of forest cover for the country will be finalized and community based forest management will be promoted.

Sub-SWG Irrigated Agriculture

- Target of 171,000 ha for irrigated agriculture.
- Refine long term sub-sector strategy for irrigated agriculture:
 - Improve DoI data base, and monitoring and evaluation system on irrigation infrastructure and irrigated agriculture
 - Review Irrigation Management Issues
 - Develop model for Irrigation public management

- Formalization of the Irrigation Sub-sector strategy paper
 - Proposal on Improvement of IMT legal framework
- Completion of 3 feasibility studies For irrigated agriculture projects
- Development of new irrigation infrastructure

Sub-SWG AgriBusiness

- Support development of Farmer Organizations (FOs)
- Capitalisation on position of non-state agencies on delivery of agriculture extension services
- Capacity Building for Agribusiness Advisory Service (ABAS)
- Study of indebtedness of farming households
- Inclusion of private sector and civil society in SWGAB
- Information sharing - providing decision-makers with better access to information and analysis and stimulating critical discussions

Sub-SWG Uplands Development

- Enhanced coordination mechanism amongst programmes, including review of TOR for SSWG Uplands plus workshops on PBAs and Uplands Rural Development issues;
- Harmonization of DP-funded initiatives & capacity at GoL level to manage sSWG Uplands, including examination of GOL public finance systems for suitability to support PBAs and performance assessment of government institutions;
- Capacity building of GOL staff to manage Uplands SSWG process and to prepare for enhanced responsibilities for GOL under future PBAs;
- Research and feedback on policy impacts in ANR sub sectors;
- Implementation of the Northern Uplands Development Programme, Sustainable Natural Resource Management and Productivity Enhancement (SNRMPE) and the Poverty Reduction Fund.

Sub-SWG Water Resources and Environment

- Strengthen the organizational structure and the capacity in political theories and technical areas;
- Develop and improve the legal framework for Environmental and Social Safeguards to be more comprehensive and systematic, particularly the amendment of the law on water and water resources, the decree on waste management and so on;

- Promote the Integrated Water Resource Management at the basin level, establish more River Basin Management Committee;
- Enhance the data collection network on meteorology-hydrology and build disaster alert system as well as the establishment and improvement of the station system in the high risky areas;
- Improving hydromet network for early warning system in major river basins in Lao PDR;
- Climate change mainstreaming into national planning cycle;
- Establish and strengthen sustainable financing mechanism to serve the operations of the water resources, environment and meteorology-hydrology;

In addition to the specific actions and targets under each SSWG, the following plans are also relevant to ANR Sector:

- Energy and Mines sector expects a growth rate of 32% as well as creating a skilled labor force and supporting communities;
- Electricity production is expected to grow by 20% and mining by 37%;
- Exports of electricity and minerals is expected to generate \$1.4 billion;
- Contribution of mining and energy to government budget will be \$150 million;
- Hydropower development plans will be integrated with the work of other sectors, including watershed management and irrigation;
- Increase land titling and allocation;
- Improve livelihood of the people in rural areas;
- Consolidation of large villages into small rural districts (at a rate of 1-2 villages/district) in 64 focal areas;

Progress with Attainment of MDGs

MDGs survey is only conducted in every five years. It is therefore, difficult to assess progress in the year in between. An agricultural census was carried out in 2011 which will provide the sector with a stronger basis for measuring future progress. Despite these gaps in the data, we may assume that the situation concerning MDG Goal 1: Eradicate Extreme Poverty and Hunger remains as it was when the last MDG survey was conducted three years ago. While the reduction in poverty was “On track”, there remained concerns that the target of reducing hunger by half was assessed as being “Seriously off track”. Further, a

recent revision of the poverty baseline has created the impression of a sudden and significant increase in the level of poverty, which is not reflective of a change in actual conditions. Other areas of concern included rural water supply and sanitation (both “Off track”) and reversing the loss of environmental resources, “Seriously off track”.

While FDI in mining, energy and large scale agriculture tend to support the growth of the economy as a whole and therefore reduce poverty in general, special measures are needed to address extreme poverty and hunger, especially in remote areas. Several development programmes funded by ODA are targeted at the poor. The Poverty Reduction Fund is targeting poor districts to improve infrastructure and services that may help to reduce poverty. The Northern and Southern Uplands programmes and livestock projects attempt to improve the livelihoods of poor upland communities. WFP’s feeding programmes target the particularly vulnerable. These efforts are complemented by a large number of NGO activities mainly targeted at the poorer districts.

Progress with Implementing the Vientiane Declaration

The GOL and the ANR SWG is strongly committed to the implementation of Vientiane Declaration. The SWG ANR is an inter-ministerial platform for harmonization and coordination of the relevant line agencies.

Performance against Core Functions

Ownership

Evidence of a high level of government ownership of the development process in the Agriculture and Natural Resources sector in Lao PDR may be seen in the recent publication of a range of policy documents. The ANR sections of the 7th NSEDP have been shaped by the production of a Strategy for Agricultural Development 2011-2020, Agriculture Master Plan 2011-2015 and Farmer Organizations Strategy. In addition, MoNRE has developed a Natural Resources and Environment Sector Plan 2011-2015 and an associated Action Plan 2011-2015, a National Climate Change Strategy, a National Adaptation Plan of Action and a National Water Resources Strategy 2011-2020. Under the Energy and Mining Development Plan, MEM will oversee the use of water and mineral resources for profit while also providing for environmental and social sustainability and is in the process of reviewing Electricity Law and Mineral Law. The Prime Minister’s Office endorsed Decree No. 285/PM on Poverty and Development Criteria.

Alignment

The relevant strategies and master plan have been developed in consultation with development partners through SSWGs and they had been endorsed by the ANR Sector and have been supported by the development partners. A good example of alignment has been

the Multi-Donor Trust Fund on joint initiative among DPs to support forestry sector under REDD+. On the other hand, DPs report on Aid Effectiveness issues directly to MPI, where a database called the Aid Management Platform is being developed. At the moment, it is not easy to derive data broken down by sector.

Harmonisation

The use of programme-based approaches has gradually increased in the ANR sector with the operationalization of the Northern Uplands Development Programme (NUDP) and the Sustainable Natural Resource Management and Productivity Enhancement Programme (SNRMPE). A National Integrated Water Resources Management Support Programme (NIWRMSP) has recently been designed.

DP-funded projects in the ANR sector are making increased use of government financial systems and a number would like to go further in this direction. The Ministry of Finance has produced a procurement manual and standard operating procedures. However, this trend towards increased use of government procedures is also creating some bottlenecks, most notably in the application of Decision 008 of the Ministry of Finance. This places very low ceilings on certain categories of expenditure for development projects and programmes included under the government budget. These include fuel use, meeting costs and stationery procurement. Although these limits help conserve scarce government financial resources, they create an obstacle to the implementation of well-funded, DP-supported, programmes. Some DPs have sought exemption from the rules for their projects. The MOF is currently reviewing the provisions with a view to making them more appropriate to the needs of donor-supported project implementation.

In the coming year government financial management systems and institutional capacities will be assessed to determine whether they are capable of supporting increased responsibilities for the implementation of DP-funded activities. In future, Government agencies must be strengthened to support future PBAs that rely increasingly on government institutions for implementation. Government will need to fill counterpart positions with staff capable of being trained to perform higher level functions.

More could still be done to develop and agree on a policy framework that would encompass the work of projects and programmes, and progress is being made by the Agribusiness, Forestry and Irrigation Sub-sector Working Groups. However, it is acknowledged that progress to date has only been achieved after a great deal of effort from all sides. Effective DP-to-DP co-ordination requires frequent meetings to resolve differences and achieve a common understanding. Further, in a complex sector like the ANR, there are “special” issues. There is a wide range of actors that not only includes a number of government ministries and agencies but also the private sector and civil society organizations such as NGOs. In addition, there is a wide range of potential policies and strategies, as the focus

extends beyond a single ministry. All these factors present serious co-ordination difficulties and a heavy commitment burden for those most involved.

Managing for Results

Managing for results has been integrally built into current programmes and projects implementation and forms a central part throughout ANR sector. The ANR sector is aware that its monitoring systems need to be improved and is initiating a pilot to produce better data. This new system will be based on the data produced by existing projects, which tend to promote a management for results approach. The SWG ANR will provide an ongoing forum for the sharing of information about the new scheme.

Mutual Accountability

The Sector Working Group process is designed to promote mutual accountability between DPs and GoL. SWGs and SSWGs have a government chair and a DP representative as co-chair. All five SSWGs under the SWG ANR follow this structure. Further, under the PBA used with NUDP there is a Joint Review Mission every six months that allows government and DPs to collectively assess implementation progress. Further, regular GoL-DP management meetings are being established to review management issues on a more frequent basis.

Some Weaknesses:

- A recent MPI-UNDP review of the Sector Working Group Mechanism in Lao PDR identified some weaknesses in the way SWGs work. Some of these apply to the SWG ANR.
- There are apparent lacks of horizontal (amongst the sSWGs) and vertical (between sSWGs and SWG) communication.
- There is no particular forum during the year to address energy and mines.
- The ANR has only one co-chair while groups of this size often have two.
- The structure of the SWG ANR was considered unwieldy by some. It is not easy to ensure horizontal communication across five groups and vertical communication upwards from each SSWG to the SWG.
- Meetings should be frequent with agendas, minutes and papers for consideration circulated in a timely fashion. No SWG ANR meetings have been held for more than 12 months.
- A website should be kept up-to-date. The SWG ANR website will need to be re-activated.
- The heavy workload of the secretariat should be recognized and more resources should be invested to support its operation.

- Need greater efforts to encourage active participation from stakeholders including DPs, and to include private sector and CSOs in the future.

Plan for FY 2011-2012

Greater investment in agriculture and forestry as well as in natural resources management is fundamental to meeting the MDGs, in particular the goals concerning poverty, hunger, and health. As such the following Objectives and Activities are planned for FY 2011-2012.

Plan for the SWG ANR 2011-2012:

- Regular quarterly SWG meetings with support from all actors including DPs;
- Create and keep updated database of projects; include NGOs activities; post on website;
- Attempt to include FDI projects;
- Review of the ToR including objectives, composition, role and functioning of the SWG, especially in light of the creation of the new MoNRE and proposal for separate SWG for Environment and Energy and Mines;
- SWG website reinstated kept updated;
- High level workshop on PBAs for decision-makers, December 2011;
- Regular communication on existing PBA progress (quarterly sSWG meetings);
- Review and revision of Decision 0008 by MOF and DPs;
- Establishment of performance assessment framework under NUDP;
- Research and feedback on policy impacts in ANR sub sectors;
- MAF commitment to strengthen secretariat of SWG;
- DP support and mentoring to secretariats for SWG ANR (initial support to enhance capacity from NUDP to complement supported from other development partners);
- M&E: SWG ANR will provide a forum for discussion of the roll out of an initial two-year phase of a new M&E strategy for MAF;
- PIUs: Efforts will continue to integrate PIUs into MAF and to standardize procedures for ODA management;
- Decentralised co-ordination: ANR-SWG will expand the GOL/DP co-ordination mechanism into the provinces. Pilot test in Three provinces under the NUDP;
- Explore the possibility of a second co chair;
- Establish a list of priority topics to be discussed by the SWG using information reported by actual projects and programmes.

ILLICIT DRUG CONTROL

General Information

Illicit Drugs Sector Working Group

Chair: Lao National Commission for Drug Control and Supervision

Co-chair: Japan, Australia, UNODC

Overview

The Illicit Drug Sector working Group (IDSWG) was established in January 2006 by the Government of the Lao PDR (GoL), in line with the agreement of MoFA N. 241/MOFA.DIC who appointed the Government Sector Working Groups. The purpose of the IDSWG is to support the aid effectiveness agenda, as articulated in the Vientiane Declaration of December 2006 and the corresponding Country Action Plan. It also aims to maximize the impact of anti-drug investment in Laos, and to increase the contribution of the counter-narcotics sector to national development.

The objectives are:

- To support the Aid effectiveness agenda
- To maximize the impact of investment towards a drug free environment to enhance public health, public security, the rule of law and the continued welfare of the Lao people
- To contribute towards the elimination of poverty and the achievement of the Millennium Development Goals, as well as the targets of the National Socio Economic Development Plan

Since 2007, the IDSWG has organized six High Level IDSWG meetings. The 4th High Level IDSWG meeting established two Sub-Working Groups, focusing on drugs (DSWG) and crime (CSWG). The main task of these two groups is to develop effective programmes to implement the Comprehensive National Drug Control Master Plan (CNDCMP), developed by the Lao National Commission for Drug Control and Supervision (LCDC) and UNODC in 2008, and adopted by the GoL and UNODC in February 2009. The CNDCMP forms an important part of the 7th National Social Economic Development Plan (2010), following the Round Table Meeting of October 2010. This reflects the determination of the GoL to address the dangers of the illicit drug abuse and trafficking as a high priority issue, requiring the input of a range of national sectors.

This summary report outlines the activities and achievements of the Sub Working Group on Drugs and the Sub Working Group on Crime, which have taken place since the Round Table Meeting of October 2010.

Background and Process of Consultation

Activities under the Sub Working Group on Drugs

The IDSWG Chair proposed establishing two Sub Working Groups under the Sector Working Group in June 2009 to ensure a specialized response to issues surrounding illicit drugs. The Sub Working Group on Crime was established in October 2009 to deal specifically with issues of drug trafficking and related crime. In response to issues related to alternative development and drug demand reduction, the Sub Working Group on Drugs was established in June 2010.

Initially addressing the issues of drug production, drug trafficking and abuse were covered less extensively by the National Social Economic Development Plan. This may have led some to underestimate the need for support the international community in these areas. In 2010, however, following efforts from the IDSWG, the need for intervention in these areas were adopted by the 7th NSEDP 2011-2015.

To implement the CNDCMP 2009-2013, LCDC and the UNODC have developed alternative development (AD) projects, and mobilized resources through different conferences, and workshops. Additionally, they have organized field visits to different provinces in Laos, for the Mini-Dublin Group/IDSWG to achieve a better understanding of the relevant challenges faced.

Alternative Development:

To date, a range of project documents and concept notes have been drafted. These include:

- Increasing food security, promoting licit crop production and small farmer enterprise development in Xamtai district, Houaphan province.
- Phongsaly Alternative Livelihood and Food Security Project in the district of Khoua, Mai and Samphan.
- Sustain opium elimination; Conserve/Protect endangered species and biodiversity, Vienthong district, Houaphanh province
- Sustain opium elimination; Conserve/Protect endangered species and biodiversity, Viengxay district, Houaphanh province
- Nonghed Alternative Livelihood and Food Security Project, Xiengkhouang province
- Gnot Ou Alternative Livelihood and Food Security Project, Phongsaly project
- Phonxay Alternative Livelihood and Food Security Project, Luang prabang province
- Support the Implementation of the Comprehensive National Drug Control Master Plan

With the agreement of LCDC, these concept notes have been sent by the UNODC to potential donors. At the time of writing, three projects have been funded:

1. The Project Document to promote food security in Xamtai district, Houaphan Province was signed between the GoL, UNODC and EU on 14 Jan. 2011. The official project opening ceremony was held in Xamneua, Houaphan province in early May 2011, and has a duration of 3 years and a budget of US\$ 2,997,300.
2. The Project Document for the Phongsaly Alternative Livelihood and Food Security Project in Khoua, Mai and Samphan was signed on 15 September 2011 between the GoL, UNODC and Luxembourg. The project was launched on the 27 September 2011 at Khoua district, and was attended by the President of the Luxemburg Drug Fund, the Vice Chairmen of LCDC, the UNODC Representative, The Chairman of the Provincial Committee for Drug Control and Supervision of Phongsaly province and Vice District Governors of Khoua, Mai and Sampha. The project has a 2 year duration and a total budget of US\$ 1,200,000.
3. The Global Project “Increasing Food Security and promoting licit crop production and small farmer enterprise development” in the Lao PDR and Myanmar was funded by BMZ from 2009-2011 for a total of US\$2,287,514.

The overall objectives of these projects are to reduce poverty and improve food security and living conditions, so as to enable former opium poppy cultivation communities to sustain opium elimination and environmental conservation. These ends are achieved by increasing agricultural production, improving basic infrastructure and developing small farmer enterprises linked to micro credit programmes. In this way, the project increase household productivity, food security and the income of the former opium farmers in the project target areas.

Activities under the Sub Working Group on Crime

The Sub Working Group on Crime (SWGCG) was founded in October 2009, following a call for its establishment by the Chair of the IDSWG. Its TOR was approved by all the participating Government agencies in its first meeting in October 2009. The SWGCG is composed of technical level officials from agencies working on drug law enforcement and criminal justice. While SWGCG members keep in close contact and have met informally many times, the group to date has had four official meetings.

The SWGCG, together with the Sub Working Group on Drugs, helped to successfully raise awareness among concerned parties of the need to incorporate the CNDCMP in the 7th NSEDP.

Within the SWGCG framework, a National Drug Law Enforcement Strategy (NDLES) has been drafted. To date, three drafts have been developed under the close supervision of the Chair of the IDSWG and the Ministry of Public Security. The NDLES sets its overall objective “to assist the Government of the Lao PDR in implementing the National Drug Control Master

Plan 2009-2013". The NDLES draft identifies 12 priority issues under three pillars – strengthening communities, strengthening law enforcement capacities and strengthening criminal justice capacities – so as to render the Lao PDR's response to drugs and crime more effective.

In order to implement the CNDCMP 2009-2013, the NDLES draft identifies 10 projects, listed below, with a total estimated budget of \$10,000,000. With the agreement of concerned Government agencies, the UNODC has compiled several concept notes on the identified projects and shared them with potential donors for consideration.

- Access to justice for all those who require it (**AJAR** project)
- Assistance for the betterment of law enforcement (**ABLE** project phase I)
- **ABLE** project phase II
- Forensic science ability and capacity enhancement through technical assistance and support (**FACTS** project)
- Strengthening responses to transnational operations of illegal trade of precursor chemicals (**STOP** project)
- Technical assistance to counter transnational organized crime (**TACT** project)
- Mechanisms for enhancing ratification and incorporation of treaties (**MERIT** project phase I)
- **MERIT** project phase II
- Combating money laundering and enhancing governmental anti-terrorism response (**CLEAR** project)
- Enhancing national anti-corruption technical capacity (**ENACT** project)

Mini-Dublin Group/IDSWG

From the 25-26 February 2011, a Mini-Dublin Group visit was made to Houaphan province. This was led by H.E Minister Soubanh Srithirath, Minister to the Prime Minister Office and Chairman of LCDC. The mission visited UNODC projects, and met with former opium poppy farmers in Sam Nuea. The Group then flew by helicopter to Muang Kwan Zone, Xamtai district, where the Lao-UNODC-EU Alternative Development project is being implemented, to meet vast numbers of former opium farmers and related personnel. The main purpose of the visit was to update and share information on drug control and social and economic development in the province. The mission also met the provincial and district governors, and was presented with proposed drug control measures.

Based on the Mini-Dublin/IDSWG group visit to Houaphan province, a project proposal was prepared for the construction of a Drug Treatment and Rehabilitation Center in Xamneua, Houaphan province, which has been submitted to Japanese Embassy for consideration

On 16 December 2010, LCDC and the UNODC launched the 2010 Opium Survey report at the Don Chan Palace Hotel. The survey indicated that there had been a 22% increase in opium cultivation between 2009 and 2010 in the region as a whole. On a national level, the increase was significantly larger, from 1,900 ha to 3,000 ha (58%) over the same period. When data from 2010 is compared to 2007, the area under opium poppy cultivation has increased by 100 percent, from 1500 ha to 3000 ha.

Results from SWG Pre-consultation

Future Plans:

- To continue to develop concept notes to support the implementation of the CNDCMP 2009-2013
- To continue to seek funding for projects
- To organize within 2011 at least two meetings for the Sub working Groups on Drugs and on Crime respectively, and one High Level IDSWG
- To organize at least one Mini-Dublin Group/IDSWG provincial field visit in early 2012

Illicit Drug Annex I: High Level IDSWG Meetings:

Date	Venue	Main points
June 2007	1 st Illicit Drug Sector Working Group (IDSWG) meeting, ICTC, Vientiane	The meeting confirmed the formation of the IDSWG and presented the terms of reference for the working group. Field visits to the provinces of Oudomxay and Luangnamtha were also agreed upon.
9 Jan. 2008.	2 nd IDSWG meeting, Green Park Hotel, Vientiane	The meeting approved the TOR, and recommended that LCDC & the UNODC develop a new National Drug Control Master-plan to address rapidly changing drug and drug related problems.
4 June 2008	3 rd IDSWG meeting, Japanese Ambassador's Residence, Vientiane	The meeting provided an update of the drug control situation in the Lao PDR and discussed on how to further coordinate and address drug abuse and trafficking in the country.
17 Nov. 2008	4 th IDSWG meeting, Settha Palace Hotel, Vientiane	The meeting provided an update of the drugs and drug control situation in the Lao PDR, and presented a Draft CNDCMP 2009-2013. The group also prepared for the government RTM which was held on 24 November 2008. A field visit to Borkeo province was also agreed upon.
3 June 2009	5 th IDSWG meeting, Settha Palace Hotel, Vientiane	The meeting upheld a proposal for the establishment of two Sub-Working Groups, for Drugs (DSWG) and Crime (CSWG). The meeting recommended that TORs for these SWGs should be drafted and shared with stakeholders for consultation.
18 Aug. 2010	6 th IDSWG meeting, Done Chan Palace Hotel, Vientiane	The meeting heard the progress of the SWGs for Drug and Crime and their work plans. The meeting also shared information on the drug control situation nationally and the Region, and prepared for the NRTM held in October 2010.
4 Nov. 2011	7 th Informal IDSWG meeting, Australian Embassy, Vientiane	The meeting updated the drug control situation in the Lao PDR, and reconfirmed the importance of supporting the CNDCMP. The meeting also discussed the importance of reliable drug control data for planning and strategic purposes, the National Drug Law Enforcement Strategy, international cooperation on drug control, the establishment of the UN system task force on transnational organized crime (TOC) and illicit drug trafficking, and further need.

Annex 2: Field Visits

Years	Places visited
2002	UNODC C99 AD project in Nonghet district, Xiengkhouang province
2003	Oudomxay
8-11 May 2004	Oudomxay and Phongsaly
14-16 Feb. 2005	-Luangprabang and Phongsaly visited with Executive Director of UNODC from Vienna, Austria
13-14 May 2005	-Luangprabang
24-25 Nov. 2006	Houaphan and D35 project, led by Minister Soubanh
2008	Oudomxay and Luangnamtha, led by Minister Soubanh
24-26 Feb. 2009	Borkeo, led by Mr. Kou Chansina
25-27 March 2009	Oudomxay and Pongsaly, led by Minister Soubanh
16-18 Feb. 2010	Savannakhet, led by Mr. Kou Chansina
25-26 Feb. 2011	Houaphanh and Muang Kwan, led by Minister Soubanh
23 June 2011	Police Museum, led by Mr. Ouseng Vixay
13 Sep. 2011	Somsanga Drug Treatment Center by led by Dr. Phone Bouaravong

Notes:

- *Provincial field visit with the Mini-Dublin Group have taken place almost every year; IDSWG field visits began in 2008*
- *IDSWG/Mini-Dublin Group Meetings are held before or after each field visit in the relevant province*

MINE ACTION

General Information

Name of the Sector Working Group: Mine Action Sector Working Group

Sub-sector working groups:

- Technical Working Group on Clearance
- Technical Working Group on Risk Education
- Technical Working Group on Victim Assistance

Chairs and Co-Chairs:

- National Regulatory Authority for UXO/Mine Action Sector in the Lao PDR or NRA (Chair)
- United Nations Development Programme (Co-Chair)

Secretariat of the SWG:

National Regulatory Authority for UXO/Mine Action Sector in the Lao PDR (NRA)

Ban Sisavath Tai, P.O Box 7261, Vientiane Capital

Tel: 856 21 244220-4, Fax: 856 21 252819

Website: www.nra.gov.la

Email: uxo.nra@gmail.com

Summary of SWG mandate/ Terms of Reference:

- The Mine Action SWG, also known as the UXO SWG, seeks to enhance the impact of Unexploded Ordnance (UXO)/mine action activities in Lao PDR by reducing poverty, increasing growth, building the capacity of human resources and institutions, and accelerating the achievement of the Lao Millennium Development Goals, in particular MDG9. The UXO SWG provides the linkage between thematic subsector UXO Technical Working Groups, the other 7 SWGs and the RTM/RTiMs. The UXO SWG promotes aid effectiveness through integration of UXO/mine action plans and private sector input into broader Government strategies.
- Membership comprises representatives from all NRA Board Ministries, all UXO/mine action operators, donors and interested stakeholders working in the UXO sector and other related development sectors.
- The UXO SWG is chaired by the Director of the NRA and a representative of UNDP. Secretariat responsibilities for the UXO SWG are with the NRA under the Prime Minister's Office.

Specific functions of members include:

1. Contribute to ensuring that the UXO Sector 10 year National Strategic Plan is relevant and provide appropriate guidance and goals to all stakeholders
2. Facilitate the National Strategic Plan
3. Provide stakeholder oversight of the National Strategic Plan
4. Formulate an annual work plan of goals and events for the sector
5. Strengthen information sharing between Government, donors, UXO/mine action operators, developmental and private sector stakeholders
6. Facilitate inter-sectoral coordination and integration of cross-cutting issues such as the mainstreaming of gender equity, increased environmental focus and poverty eradication
7. Promote simplification and harmonizing of donor and Government practices, procedures and projects
8. Promote standardization of stakeholder's practices in the legal context
9. Identify changing needs within the sector and identify capacities and resources to respond
10. Initiate evaluations and research as the needs become apparent.

Background and Process of Consultation

The UXO Sector Working Group met on October 18th, 2011. The run-up to the meeting involved a series of consultations and preparations, including:

- A meeting with non-profit operators to discuss and determine their contribution to the Sector Working Group meeting. The meeting concluded by asking 5 non-profit operators to present on some new developments across the Sector:
 - MAG: District Survey
 - NPA: Land Release Survey
 - UXO Lao: Village Volunteers Network
 - HIB: Victim and survivor assistance
 - SODI: Clearance and development
- A meeting with commercial clearance operators to discuss and determine a spokesperson and common speech.
- The preparation and dissemination of the draft of a Lao PDR CCM Implementation Plan 2012-2020, based on inputs received from line ministries, local authorities, operators and NRA staff.

Results from SWG Pre-consultation

Progress of 1st Year 7th NSEDP (FY 2010-11) implementation and especially progress and challenges towards achieving the relevant MDGs

Sector Working Group discussions focused on the implementation of MDG9 (“Reduce the Impact of UXO in Laos in accordance with the National Strategic Plan for the UXO sector *The Safe Path Forward II*”) and the achievement of the three following targets.

1. Target 9A: Ensure the complete clearance of UXO from priority / high value agricultural land by 2020

Key achievements since 1 Jan 2011:

- 44,457 UXO destroyed, of which:
 - 24,365 cluster submunitions (« bombies »)
 - 179 bombs
 - 100 landmines
 - 19,813 other UXO
- About 50% was through roving operations
- 3,047 Hectares of land released through clearance & technical survey, 5 of which
 - Agriculture land: 2,531 Ha
 - Development land: 517 Ha
- Launch of a pilot District Survey
- Held 3 Technical Working Group Meetings on UXO Clearance
- Completed EOD workshop
- Completed review of national standards/SEOD Meeting
- Accreditations/licensing issued to NPA, SODI, HIB, SBH, Lao BSL, PLC, PSD and ASA
- Completed Post Clearance Impact Assessment (PCIA)
- Information Management System for Mine Action (IMSMA): 612 roving tasks reports, 577 area clearance reports, 9 technical survey reports.

Major challenges:

- Sheer size of the UXO problem in the Lao PDR
- Difficulty to assess what remains to be done

5 The number of hectares cleared only reflects a portion of clearance efforts since about 50% of clearance is conducted through “roving tasks” that are not accounted for under hectares cleared.

- Lack of effective coordination among sectors (e.g. clearance prioritization and infrastructure development planning)

Proposed recommendations:

- Improve the knowledge of the problem and the definition of priorities through district clearance plans (District Survey)
- Improve coordination among sectors
- Increase resources (financial, human and logistical)
- Launch a study on increased efficiency of survey and clearance in Lao PDR
- Conduct further trials of Land Release Survey methods

2. Target 9B: Reduce substantially the number of casualties as a result of UXO incidents

Key achievements:

- Reduction of casualties:
 - From 304 (2008) to 117 (2009 and 2010)
 - Jan-Sep 2011: 81 (incl. 45 children)
- Risk education (RE) activities of UXO Lao, MAG, HIB and SODI in 10 provinces:
 - 518 villages visited
 - 110,079 beneficiaries (Children: 58,357 Adults: 51,722)
- Launch of a Knowledge, Attitude and Practices (KAP) Survey (ongoing)
- Printing and distribution of UXO books to MoEd in order to integrate into the primary school's curriculum
- 3 Technical Working Group Meetings on Mine Risk Education

Major challenges:

- Deliberate handling of UXO
- Loss of several key RE staff, in particular at the NRA

Proposed recommendations:

- Adoption of a Prime Minister Decree regulating scrap metal dealing and collection
- Recruitment of new RE staff
- Increase involvement of relevant line ministries.

3. Target 9C: Ensure that the medical and rehabilitation needs of all UXO survivors are met in line with treaty obligations under the Convention on Cluster Munitions

Key Achievements:

- Developed survivor tracking questionnaires in cooperation with all relevant actors participating in the Victim Assistance Technical Working Group
- Completed pilot project 'UXO Survivor Tracking System' to register survivors and monitor service provision in Xieng Khouang and Savannakhet Provinces
- World Education Consortium and NRA visited and provided financial support for 9 UXO Victims in four provinces as: Oudomxay, Vientiane, Bolikhamxay and Champasak, with a total amount 18,062,500 Kip
- The Ministry of Health and NRA cooperated to receive medical equipments for UXO survivors funded by the Chinese Government
- Prepared and discussed six position papers and a draft Victim Assistance Strategy within the Victim Assistance Technical Working Group

Major challenges:

- Number of actors active in “victim assistance” and relative lack of links between actors

Proposed recommendation:

- Reinforce linkages with the disability sector
- Increase involvement of relevant line ministries (MoH, MoLSW)
- Deploy a Victim Assistance Advisor to support NRA coordination efforts.

Priorities and programmes of 2nd Year 7th NSEDP (FY 2011-12) and beyond

1. Target 9A: Ensure the complete clearance of UXO from priority / high value agricultural land by 2020

- Priorities and programmes:
 - MAG, NPA, HIB and NRA to finalize pilot phase of District Survey, report outcome to NRA Board and operators, and prepare nationwide implementation
 - Work with GICHD and clearance operators to identify new techniques & methods to speed up UXO clearance
 - Test Komatsu machine with JMAS in Xieng Khouang Province
 - Continue regular external inspections and reinforce QM Capacity
 - Continue updating of National Standards and accreditation of new operators

- Coordinate with US Government and Embassy to conduct UXO Clearance Training for Lao Army.
- Improve coordination among sectors and integration of UXO clearance planning into other sectors' planning.
- Monitoring:
 - Hold quarterly meetings of the Technical Working Group on Clearance to review progress and exchange lessons learnt among operators and the NRA
 - Finalize an implementation plan for 2012-2020 including milestones, targets and indicators and is compatible with the Convention on Cluster Munitions, the NSEDP, MDG9 and the National Strategic Plan for the UXO Sector "The Safe Path Forward 2".

2. Target 9B: Reduce substantially the number of casualties as a result of UXO incidents

- Priorities and programmes:
 - Continue monitoring of risk education activities, focusing on behaviour change within identified at-risk groups
 - Continue to print UXO manual books and distribute to Ministry of Education and Sport to integrate into primary school's curriculum
 - Continue research and enforce legislation to regulate scrap metal trade and other high-risk activities
- Monitoring:
 - Continue to monitor casualties through the NRA database
 - Hold quarterly meetings of the Technical Working Group on Risk Education to review progress and exchange lessons learnt among operators and the NRA
 - Finalize an implementation plan for 2012-2020 including milestones, targets and indicators and compatible with the Convention on Cluster Munitions, the NSEDP, MDG9 and the National Strategic Plan for the UXO Sector "The Safe Path Forward 2".

3. Target 9C: Ensure that the medical and rehabilitation needs of all UXO survivors are met in line with treaty obligations under the Convention on Cluster Munitions

- Priorities and programmes:
 - Cooperate with local authorities to expand the 'Survivor Tracking System' to 10 UXO contaminated provinces
 - Continue to collect information on new UXO victims
 - Associate with MoH to provide emergency medical response for UXO Victims in compliance with National Strategy
 - Develop effective rural transfer/ambulance to medical facilities
 - Submit the Final draft of Sub-Sector VA Strategy Plan to Government for approval and commence implementation

- Monitoring:
 - Gradually, the Survivor Tracking System will become the instrument monitoring the implementation of Target 9C
 - Hold quarterly meetings of the Technical Working Group on Victim Assistance to review progress and exchange lessons learnt among operators and the NRA
 - Finalize an implementation plan for 2012-2020 including milestones, targets and indicators and compatible with the Convention on Cluster Munitions, the NSEDP, MDG9 and the National Strategic Plan for the UXO Sector “The Safe Path Forward 2”.

Resource Requirements

As of 26 October 2010, the total UXO Sector budget for 2012 amounted to about 26 million USD. Donor governments recorded by the NRA included Australia, Austria, Belgium, Canada, France, Germany, Ireland, Japan, Luxembourg, New Zealand, Norway, Poland, Switzerland, United Kingdom, United States, as well as the European Union. The following agencies identified the following funding gaps:

Agency	2012 budget (USD)	Funding gap (USD)
CRS	170,000	170,000
HIB	2,000,000	820,000
MAG	4,200,000	1,500,000
SODI	1,200,000	130,000
UXO Lao	8,200,000	2,300,000
World Education	1,050,000	430,000
Total funding gap		5,180,000