



**Lao People's Democratic Republic**

**Peace Independence Democracy Unity Prosperity**

**Working Document for 2010 Round Table Meeting (RTM)**

**Draft 7<sup>th</sup> NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN  
(2011-2015)**

Abridged version

*(Unofficial translation from original Lao version)*

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## ABSTRACT

**Objectives of the 7<sup>th</sup> NSEDP:** The 7<sup>th</sup> NSEDP is based on the *Socio-Economic Development Strategy until 2020* document and the achievements of the 6<sup>th</sup> NSEDP (2006-2010). It aims to achieve sustainable economic growth and reduce poverty (and inequality), and guide the country graduating from its Least Developed Country status by 2020. For achieving this, it targets an annual economic growth of at least 8%, and proposes broad-basing the growth process: diversify and deepen economic activities; significantly scale-up human capital; improve labour productivity; and promote inclusion of especially women, ethnic groups and more remote areas. The plan underscores the importance of achieving the Millennium Development Goals (MDGs), protecting the environment, maintaining political stability and peace, having an open economy integrated into the regional (ASEAN community) and world economy, and focussing on the quality of growth.

**Progress during the 6<sup>th</sup> NSEDP and lessons:** During the 6<sup>th</sup> NSEDP, the annual economic growth was 7.9% (with agriculture and forestry growing by 4.1%, industry 12.5%, and services 8.4%), and GDP per capita reached US\$ 986 (2010 estimate). This brought about a shift in the composition of the GDP: the share of agriculture fell to 30% (from about 45% five years earlier), and the non-agriculture share rose to 70%. Inflation has been low, on average at single digit. *In agriculture*, rice production in 2009 stood at 2.9 million tonnes, and there was diversification in crop composition, with sugarcane, industrial tree plantations, corn, cassava and sweet potatoes having a visible presence, in addition to 3-5% growth in livestock and fisheries. *In the energy sector*, at the end of the 6<sup>th</sup> plan power generation capacity stood at about 1,869 Megawatts. Private investment in the power sector during the plan was about US\$ 2,996 million. More than 95% of the districts, 60% villages and 71% households now have access to electricity. In the mining and minerals sector, the value added has increased by 14% annually during the plan and its share in the GDP has risen to 9.5% from almost negligible earlier. In manufacturing, production rose at an annual average of 9.4%. The sectors that grew significantly are garments, handicraft, construction, and food processing. In services, tourism and retailing made considerable progress. On the social side, the proportion of people below the poverty line reduced to about 26% in 2007-08, a 3% fall each year since the last two decades. In the education sector, primary schools have increased, and children's enrolment rate in the age group 6-10 years increased from 84.2% in 2005 to 93% in 2009-2010. In the health sector, clean water has reached 78% of the total population, and hygienic latrines 52% of the population. *To promote social development*, the plan identified 47 priority districts, for which there were special programmes of infrastructure development, income generation and human development introduced, aimed at reducing poverty. Additionally, Kumban (village groups) planning has progressed rapidly, which has brought in a component of people's participation in development planning.

**Lessons learnt:** The 6<sup>th</sup> NSEDP has achieved most targets it set for itself. However, the country faces many challenges for the 7<sup>th</sup> Plan. The key ones are, facilitating a more visible shift of workers from farm to non-farm sectors, scaling-up the quality of human resources, addressing environmental issues, improving the quality of governance, and having transparent management of the natural resource-based economy for the larger benefits of the Lao people. The economy also must be prepared to face the possible impact of an international economic downturn, and mitigate the impacts of climate change.

## **The 7th NSEDP – details**

Macroeconomics: The goal set for GDP growth is at least 8% per year. The agriculture-forestry sector is expected to grow at least at 3.5% annually, reducing its share to 23% of GDP by 2015. The industrial sector is expected to grow at 15% and increase its share to 39% of GDP in 2015. Finally, the services sector is expected to grow at 6.5% and have a share of 38% of the GDP in 2015. The plan aims to keep inflation below the rate of economic growth. It aims to maintain a stable exchange rate: the year-to-year fluctuation in the value of the Kip against major currencies is slated to be no more than 5%. Bank deposits are to grow by about 25.6% per year. Finally, the share of private consumption in the GDP is aimed at 75%, total investments at 32%, public consumption (investment) at 8%, exports at 35% and imports at 50%. The target for domestic revenues plus grants is 18-20% of the GDP per year. Expenditure is targeted at 20-22% of GDP. The government projects a budget deficit of no more than 3-5% of the GDP. The 7<sup>th</sup> NSEDP aims to make the growth process adhere to defined environmental and other standards, and create more jobs. It targets equitable distribution of gains at the regional level and amongst peoples.

### Economic and infrastructure sectors

The *agriculture and forestry* sector is expected to help achieve targets in food security, employment, poverty reduction as well as create surplus for export. The plan aims to modernise this sector: expanding irrigation; introducing modern technologies by strengthening extension centres; diversifying the crop and livestock regimes; developing seed farms; linking farm produce to agro-processing; introducing quality control measures; and human resource development in the sector. It also proposes distributing land titles to farmers. In forestry, the plan aims to reforest the country to cover up to 65% of the area with forests: rehabilitate 3.9 million ha of deteriorated forest area, and reforest another 200,000 ha.

*Industry, mining, energy, and commerce* will follow a three-pronged approach:

1. Large/mega projects (mainly in hydroelectricity and mining), will be the principal export earners for the economy;
2. SMEs in a variety of sectors, will incubate entrepreneurship, regionally disperse industrialisation, create non-farm jobs, and also contribute to exports; and
3. Agro-industrialisation of rural areas will add value to agriculture and provide a forward link in the value chain.

Some approaches include: constructing special economic zones and infrastructure, introducing modern technologies, extending loans, human resource development, having one-window clearance for new businesses, encouraging business associations, and integrating Laos into the international markets.

*Public works and transportation* sector aims to build and expand/repair roads in accordance with the Transport Master Plan. Special effort will be made to connect Kumbans with all-weather roads and also connect all unconnected villages. Additionally, connectivity with neighbouring countries will be a priority.

*Post and telecommunication*: The plan promotes infrastructure for postal services, telecommunications and high-speed Internet and aims to be a linking-point in the region and the world. It aims to expand the telecommunication network and services to rural areas to cover 90% of the villages, install 17,192 kilometres of fibre-optic cables, and expand mobile and fixed line phone connections to cover 80% of the population.

*Tourism:* For developing this sector, natural, cultural and historical tourist sites and attractions, and eco-tourism are to be developed. The plan aims to attract more than 2.8 million tourists annually by 2015. Some projects include: classification of tourist attraction sites, and tourism infrastructure construction.

*Banking:* Targets include, increasing deposits to approximately 25.6% per year, increasing commercial loans by 22.9% per year, expanding micro credit, securing foreign reserves to cover imports for at least six months, and ensuring adequate loans to SMEs. For this, effort will be made to improve banking regulations and supervision of financial institutions.

#### Social and cultural sectors

*Education, human resource development, and science and technology:* Educational development aims to ensure a continuous increase in the quantity and quality, and educational reforms. There are schemes to expand upper secondary schools, vocational and technical schools and universities, and to encourage studies in science, foreign languages and new technologies. Effort will also be made to increase educational opportunities in remote areas for children, especially the poor, female, ethnic groups, the disabled, and the disadvantaged. Finally, effort will be made to link education with nutrition for establishing synergies between health, nutrition and education. The educational budget is targeted to increase to 18% of the national budget.

Some key areas in research in science and technology: E-governance, energy, and new types of seeds. The targets are to complete e-governance and expand its network to all districts and 20% of the villages; approve and formalise laws on intellectual property rights; and conduct research on rice seeds, organic fertilisers, biotechnology, ecology and renewable energy. The science and technology budget will increase to 1-2% of the national budget.

*Health and Nutrition:* The plan aims to ensure all citizens access to health services. The various projects will include: using modern methods and technologies; continue setting up mobile medical treatment units in remote areas; enhancing the quality of treatment in hospitals; continuing to strengthen the capacity, knowledge and skills of doctors, midwives, and skilled birth attendants at local levels; strengthening health centres to treat communicable diseases, and increasing surveillance and spreading information on HIV/AIDS. The improvement of nutrition to ensure better overall health and a pertinent means to fight poverty is explicitly recognised in the plan. The targets for improved nutrition include: decrease the proportion of stunted children under 5-years to 34%; decrease the proportion of wasted children (<5 yrs) to 4%; decrease the proportion of children (<5 yrs) suffering from anaemia to 30%; and decrease anaemia among women in the reproductive age groups to 30%. The different measures include encouraging research for improving the capacity in drug and food safety, attracting investment in the nutrition sector, increasing the awareness about hygiene; and integrating nutrition in the health and education systems.

*Labour and social welfare:* The plan proposes up-grading the skills of workers: in knowledge, ability, experience, vision and discipline. Seven new skill-training centres will be created at the provincial level. In social protection, the plan will expand the social welfare system to the provinces, and ensure that at least 50% of the population receives health insurance. Some major projects: Skills development for the workforce; increasing labour deployment and reducing labour migration; the ensuring rights and benefits of workers; assistance provision for disaster victims; and expanding a social welfare network to informal workers.

*Information and culture:* The plan targets the use of media to promote political awareness, Party and state directions, and the rule of law. It will also aim to increase ‘cultural villages’ to more than 700 and ‘cultural families’ to more than 100,000. In the area of radio and tele-broadcasting, it proposes expanding the broadcasting coverage of radio stations to cities and villages to cover more than 95% of the country, increase television (TV) receiving stations, and improve the quality of programmes broadcasted.

*Population policy:* The government will continue implementing family planning in rural areas and build the foundations for a strong family.

*Gender and development:* The plan will aim to strengthen women’s status in the domestic sphere, education, health and the labour market. Effort will be made to upgrade their professional and technical knowledge for them to be able to participate in national development. The government will strive to eliminate all forms of discrimination and violence against women and promote opportunities for their inclusive participation in social and economic fields. Quantitative targets have been set for women’s training and placement at different levels.

*Rural development and poverty reduction:* The government aims to reduce the proportion of people living below the (national) poverty line to less than 19%, make more than half the total numbers of villages ‘development villages’, and up-grade at least 1-2 Kumbans in each district to become urbanised. For this, Kumban planning, introduced during the 6<sup>th</sup> NSEDP to elicit people’s participation in the planning framework, will continue in the 7<sup>th</sup> NSEDP. Village Development Committees, formed to extend credit to people for income generation activities, will expand further. Finally, the Poverty Reduction Fund will increase its activities three-fold. Some key projects include: Settling/resettling displaced people or landless farmers and providing them permanent livelihoods, linking agricultural production with processing and service industries, and establishing model villages and Kumbans.

*Enterprise development:* The plan aims to develop economic and business sectors and make state-owned enterprises more efficient, for them to act as models for other sectors to operate in a market mechanism. The government will also extend special support to SMEs, mixed enterprises, partnerships, and local enterprises.

*Environmental protection and natural resource management:* In addition to expanding the forest area, effort will be made to protect the quality of the environment (water, land and air). Twenty-five towns will have development projects that will fall within the national environmental standards. Models for managing green environments will be set up in Vientiane Capital, Luang Prabang, Kaysone Phomvihane and Pakse. Carbon credit mechanisms will also be introduced. Focal plans on environment will be shared with the relevant sectors to translate the concepts into rules, programmes and projects. Finally, the land management policy will help create a detailed land management plan at both macro and micro levels, and land use plans in villages and Kumbans. The final aim is to issue one million land titles without creating conflict.

*The governance sector:* Recognising governance to be of cross-cutting importance, the focus will be on the following four areas:

1. Strengthening government authority and enhancing people participation
2. Public administration development
3. Laws and legal system development
4. Sound financial management

*Other programmes:* These include, regional and local level planning, making Lao PDR drug-free, continue addressing the UXO problem, youth development, sports and gymnastics, building solidarity among people, and mitigating other social drawbacks such as crime and prostitution.

## **IMPLEMENTATION PROCESS**

*Implementation Framework:* The implementation framework for the 7<sup>th</sup> NSEDP consists of the following measures and steps:

1. Enhance the economic growth
2. Measures to achieve MDG targets (8 goals, 20 targets and 58 indicators, and 218 interventions)
3. Measures on rural development, poverty eradication and environmental protection to achieve sustainable development
4. Measures on promoting commercial production
5. Coordination Issues and Solving Issues Relates Various Sectors
6. Enhance Public and Social Management and Management Levels
7. Implementation of the Five Years National Social and Economic Development Plan and Management Level.

*Costs and resources:* The total investment is estimated at about 127 trillion Kip (US\$ 15 billion), or about 32% of the GDP, through 2011-2015. The economic sectors are allocated 30%, social sectors (including MDGs) 35%, and infrastructure and construction, 35%. The government will expand its fiscal space considerably: effort will be made to raise the total revenue/GDP ratio to at least 18-20%. The government aims to assign the responsibility of funding to the private sector, including households and firms (FDI: 54%, domestic credit 10%), donors and development partners (26%), and government budget (10%). In terms of measures to regulate the finances, the government aims to closely implement the Budget Law No. 02/NA, and other financial regulations, in addition to taking necessary steps to mitigate the impacts of external factors. Coordination between line ministries, concerned agencies, and local authorities in financial supervision will be enhanced. Finally, it aims to advocate for and upgrade knowledge related to financial regulation for businesses, especially on fiscal decentralisation of revenue accounts, and computerisation of finances.

*Monitoring and Evaluation:* As far as possible, the M&E framework will measure inputs, outputs, outcomes and impacts. All governmental agencies from the central to local levels shall actively participate in the process, as the success of the plan, MDGs, and the Brussels Action Plan targets will depend on M&E results. The MPI is now developing a comprehensive plan for M&E for the 7<sup>th</sup> NSEDP in partnership with the line ministries. The Department of Statistics at the MPI has been re-designated from a department to a bureau and is now mandated to standardise definitions of different variables, coverage, and sampling, which would be applicable uniformly to all the ministries and departments at both central and provincial levels. This will help in getting comparable and accurate data, which is crucial for a good M&E system. Monitoring and evaluation of the plan shall be conducted on an annual basis in addition to conducting detailed surveys periodically.

## **CHALLENGES AND MITIGATING MEASURES**

The plan has relatively high reliance on FDI. To ensure that the plan's goals are achieved, greater attention will be needed to mobilise quality FDI that:

1. Generates enough government revenues to help finance social and human development;
2. Creates new sustainable jobs and incomes to reduce poverty and increase prosperity;
3. Transfers valuable skills to *Lao* workers and transfers technology for development of the indigenous business sector; and
4. Safeguards the environmental assets.

Fertile land and quality forest remains central to the well being of most Lao people and it is not in great abundance. Sustainable land management is therefore critical. Issuing secure land titles, especially to rural families on priority, will provide safeguards and help mitigate risks.

## **I. Major achievements of the implementation of the 6th NSEDP (2006-2010)**

The Sixth National Socio-Economic Development Plan was prepared based on the overall targets of the Socio-Economic Development Strategy until the year 2020 and Resolution of the VIII Party Congress. This plan was endorsed at the initial session meeting of the Sixth National Assembly in July 2006. The Sixth NSEDP was regarded as an ambitious plan, serving the country's purpose of achieving an average economic growth of 7.5-8% per year (agriculture and forestry 3-3.4%, industry 13-14%, and services 7.5-8%), annual growth rate of export 18.1% and import 8.8%; revenue target at 14.8% of GDP; investment at 32% of GDP (10% public investment and 22% domestic and international private investment); population target aimed at 6.17 million in 2010; the proportion of poor households less than 15% of total households, stop slash and burn cultivation by 2007, create employment for 652,000 workforce; primary school attendance rate of 90.6% (children at the age between 6-10 years); child mortality ratio 55 per 1,000 live births (children at the age below 1 year); and mother mortality ratio 300 per 100,000 live births. Despite several constraints, the public and private sectors, provincial authorities and the Lao people, under the leadership of the Party and the Government, have put-in their best efforts to achieve the main planned targets of the past five years. Some challenges, however, remain to be addressed which will be discussed in greater detail later in the document.

### **A. Achievements**

#### **1. Macroeconomic indicators continue to remain stable and improve which lead to achievement on major plan targets as illustrated below:**

##### **i. Economic growth:**

○The Gross Domestic Product (GDP) for five years was 219,795 billion Kip, which represents an annual average of 43,959 billion Kip (at constant price, base year 2002). The average annual GDP growth was 7.9% (plan target was 7.5-8%), compared to an achievement of 6.24% in the Fifth Plan. The amount of GDP rose 1.08 times compared to the 5<sup>th</sup> NSEDP. The breakdown of GDP during the Sixth Plan (tax excluded) by sectors is as follows:

- Agriculture-Forestry sector increased by 4.1% (compared to a planned rate of 3.3%); accounting for 30.4% of the GDP
- Industry sector increased by 12.5% annually (compared to a planned rate of 13.6%), accounting for 26% of the GDP
- Services sector increased by 8.4% (compared to a planned rate of 7.4%), accounting for 37.2% of the GDP

○GDP growth rate by fiscal year was as follows:

- FY (Fiscal Year) 2005-2006: 8.2% (34,222 billion kip or 5.86 million kip per capita)
- FY 2006-2007: 8.0% (39,345 billion kip or 6.63 million kip per capita)
- FY 2007-2008: 7.8% (44,777 billion kip or 7.34 million kip per capita)
- FY 2008-2009: 7.6% (47,225 billion kip or 7.7 million kip per capita)
- FY 2009-2010: 7.8% (54,224 billion kip or 8.35 million kip per capita)

**Inflation:** In the recent past, inflation has been effectively managed with an average of less than two digits (the planned target was at 10%). As shown in the table below, the inflation rate in 2008-2009 was the lowest since 1990, and the consumer prices have been stable.

Table 1: Inflation rates during the 6th Plan Period

Fiscal year	2005-06	2006-07	2007-08	2008-09	2009-10
Inflation rate	8%	4.1%	4.1%	0.74%	4.41%

**Exchange rate:** Kip, the national currency, has continuously appreciated against the US dollar during the recent years. The average exchange rate appreciated from 10,242 Kip in 2005-2006 to 9,665 Kip in 2006-2007; 8,979.8 Kip in 2007-2008; and 8,515.7 in 2008-09. In the first quarter of 2009-2010, the exchange rate was 8,389.44 Kip per USD dollar. The difference between the official exchange rate and the informal exchange rate is now very narrow. The Kip has appreciated against major foreign currencies, which has had positive impacts on socio-economic development.

## **ii. Investment:**

Total investment in the last five years valued at 62,000 billion kip - doubling the Fifth Plan target.

Public investment was 24,747 billion Kip, in which Government-funded investment amounted to 3,982 billion Kip and ODA-funded investment, to 20,765 billion Kip. ODA was provided in the form of grants (58%) and loans (42%)<sup>1</sup>. In the government funded investment, 2,150 billion kip was allocated to economic sector, 956 billion kip to social sector and the rest to other sectors.

There were 761 projects approved for private domestic and foreign direct investments over the past five years, having a value of USD 9.7 billion USD (as of September 2010), of which private domestic investments amounted to USD1.7 billion. The largest proportion of approved funds was in the electricity generation sector at USD 2.9 billion (29.89% of total investment), followed by mining at USD 2.7 billion (27.83% of total investment), and then services at USD 1.2 billion (12.37% of total investment). During 2008-2009 approved projects amounted to USD 4.3 billion. The largest investment in-flows have been from China, Vietnam and Thailand.

Foreign investment significantly contributed to merchandise production, supporting economic growth and bringing about changes in the economic structure. It diversified the production base and strengthened the private sector.

These achievements have come about because of effective government policies and measures put in place for attracting funds; e.g., the Investment Law, improvements in the investment approval process, and increased local authorisation in the approval and management of foreign investments, for both the number of projects and the value of

<sup>1</sup> This amount has been consolidated in collaboration with the Department of International Cooperation

investments, as well as the creation of a mechanism for government and the private sector to create dialogue, exchange knowledge and share ideas.

### **iii. Budget-Revenue and Expenditure:**

- Total Revenue was 36,876.75 billion Kip, amounting to 16.5% of the GDP (106.56% of the plan target)
- Total Expenditure was 46,980.91 billion Kip, amounting to 21.2% of the GDP (94.71% of the plan target)
- Budget Deficit was 10,228.42 billion Kip, amounting to 4.7% of the total GDP, 68.18% of the plan target (the plan target of total budget deficit was 15,037 billion Kip - 5.8% of the GDP). This figure reflects good progress towards budget balancing.

Table 2: Budget balance

Unit: billion kip

Fiscal year	2005-06	2006-07	2007-08	2008-09	2009-10
Revenue	5,108	6,134	6,599	8,365	10,671
Expenditure	6,944	8,099	8,884	10,484	12,569
Deficit	1,836	1,965	2,409	2,118	1,898

### **iv. Import-Export:**

- Exports amounted to 5.11 billion USD and accounted for 20.72% of the GDP
- Imports amounted to 6.49 billion USD and accounted for 26.1% of the GDP
- Trade deficit amounted to 1.38 billion USD, forming 5.3% of the GDP. The five-year plan had anticipated the deficit to be 1.02 billion USD, which is 5% of the total GDP.

Lao foreign trade continued to be in deficit. Between 2006 and 2010 the trade deficit amounted to 1,384 million USD (with an average annual trade deficit of 276.80 million USD, which is 27.1% of the total exports). However, foreign trade development appears to be following a positive trend, with trade deficit to GDP decreasing from 10.79% during the Fifth plan to 5.3% during the Sixth Plan.

## **2. Achievements in Economic and social sectors - laying foundations for future development**

### ***i. Economic sector***

- Agricultural Sector: The annual (average) paddy (rice) production from 2006-2009 was 2.9 million tonnes - 88% of the quantity projected in the Sixth Five Year Plan (3.3 million tonnes). However, production during the Sixth Plan has achieved an increase of 26.4% when compared to 2005-2006. On average, the annual production of paddy (rice) was 470 kg per capita, which was adequate for the domestic markets.

The production that stood out in this sector was sugar, industrial tree plantations (rubber, eucalyptus), corn, cassava, sweet potatoes, and livestock and fisheries (cows, buffaloes, pigs, birds, fish, and other small animals, which have grown in urban suburbs and in mountainous areas for commercial purposes). Livestock and fisheries have increased in the form of farming industry and family

production. The total value of domestic supply of livestock and fisheries was USD102.4 million dollars (the main production being of cattle and buffaloes (40,000 cattle and 45,000 buffaloes), with an export value of about USD 24.6 million. In addition, production of fish seedlings expanded in 32 government stations for supply to farmers and the community as a whole. The supply is able to meet the local demand and export. Corn production for local animal feed and exports increased. In 2010 corn production was 760,000 tonnes, an increase of 88.3% compared to 2005-2006. Cassava and sugarcane crops have been encouraged to increase processing in flour mills and sugar factories respectively. Sugarcane production in 2010 was approximately 703,000 tonnes – triple the 2005 figure. In addition, coffee and organic foods (cabbage, chayote, coriander and other vegetables) were grown in suitable areas, mainly for export. The average annual production of coffee was 45,194 tonnes.

- Energy Sector: From 2006 to 2010 97% of planned electricity production was completed. Three dams were constructed - Nam Mung 3, NT2 and Sesed 2, which altogether have a capacity to produce 1,204 Megawatts of power. Of this, 191 Megawatts are supplied to the domestic market and 1,000 Megawatts (or about 5,400 million KWH) are exported. The annual export revenue from the sale of electricity from these dams is USD 272 million, of which the government collects revenue equivalent to approximately USD 78 million per year. Currently there are 12 dams with a capacity exceeding one Megawatt each, with another two smaller dams. If power generation of these are added, the combined national capacity to generate power is at 1,868.72 Megawatts (MW).
- The Sekamarn 3, Nam Ngum 2, Nam Lik 1/2, Nam Yon, Nam Ngum 5, Theun-Hinboun (expansion), Tad Salan, and Nam Song dams are currently under construction - expected to be complete during 2010-2012. The total electricity production capacity of these new dams is expected to be 1,377 MW (and the power generated nationwide would reach 5,950 million KWH per year with these new constructions). From these new dams, 317 MW is expected to be provided for domestic consumption and 1,060 MW exported. The total revenue from this production was about USD 303 million annually, of which USD 90 million has been contributed to the government each year. The length of power transmission cables in the country is 19,503 Km, of which 246 Km are very high pressure lines of 230 Kilovolts (KV), 1,112.7 Km are high pressure lines of 115 KV, 8,843.3 Km are medium pressure lines of 22KV and 9,075 Km are low pressure lines of 0.4 KV. In August 2009, 95.10% of all districts, 59.99% of all villages and 70.97% of all households had access to a power connection.

A number of transmission lines are under construction: the NARPD Project in the north of length 1,627 Km is 98% complete; REP1 Project in the south of 2,472 Km length is 93% complete; GMS Project in Paksong-Jiangxai-Bangyor area is 64% complete; and Paksan-Thakek-Savannakhet line of length 285 Km is 18% complete. Additionally, 115 KV transmission lines in NamNgeum 5 of 142 Km length, 230 KV transmission lines in NamLik-HinHurb-ThaLard-Vientiane Capital, and 500 KV lines from the NaBong-Thai border are under construction. A number of medium-low lines in Sukuma District, Mounlapamok District and Pin District-TadHai area are being constructed.

The total private investment in the electricity sector between 2006 and 2009 was of USD 2,995.5 million; an increase of 88.5% compared to the Fifth Plan.

The contribution of the electricity sector is about 15% of industrial sector and 3% of the GDP.

- Mineral production: During the period of the Sixth Plan (2006-2010), mineral production increased by 25% annually and the share of this sector in the GDP has risen to 9.5% during this period. The total value of mineral production between 2006 and 2010 increased 13.9% per year. The production of gold bars was 38.01 tonnes (the plan target for 2010 is 13 tonnes); copper plates 321,487 tonnes and copper dust 585,607 tonnes; and their sale reached USD 3,274 million. From its share of the Sepon Mining Company the government received approximately USD 593 million. As part of the agreement between the company and the government, local government receives an additional USD 500,000 per year from the company, specifically earmarked for rural development. A similar arrangement with Phubia Mining Company sees a further USD 200,000 provided for the same purpose. The total investment value in the mining sector was USD 2,545.3 million - a five-fold increase compared to the Fifth Plan. Currently there are 154 domestic and foreign companies operating in the mining sector operating 269 projects, of which 220 are at the survey stage and 49 have commenced mining operations. Some processing factories have also been established, such as two Kali Salt factories, in Saythani District (Vientiane Capital) and Thekek (Khammuane Province), which have a production capacity of 100,000 tonnes per annum. A steel factory is being set up in Hin Hurb, Vientiane Province, with production capacity of 400 tonnes per annum.

Geology: Mining and mineral maps having a ratio of 1:1,000,000 have now been drawn up for every province. Maps with a ratio 1:200,000 have been completed for 54.86% of Lao PDR's total geographic area, and maps having a larger ratio of 1:50,000 have been completed for Sepon, Sanakam, and for areas along the Mekong River Bank in the Northern provinces and other target areas.

- Manufacturing industry sector: The total value of manufacturing production rose at an average rate of 9.4% per year during 2006-2010. Sectors of manufacturing that have grown significantly include garment production, tailoring, timber and food processing industry. There are 24,331 business units in the processing industry, accounting for 19.2% of all businesses (Source: Economic Census 2006).

- **Textile and Garment**: Currently, there are 463 garment factories in the country, including 39 big, 18 medium and 406 small. There are also five laundry factories, twelve logo sewing factories, ten logo printing factories, and three garment-packing factories. The total investment by the private sector in textiles and garments increased by 84.9% compared to the Fifth Plan period.

- **Handicraft**: Currently, there are 40 large-scale investment units, belonging to both Lao private investors and foreign investors. The sales in this sector have grown at about 7-8% each year, and handicraft promotion enterprises established at 18 places.

- **Construction Material:** This sector has experienced rapid growth led by brisk market demand. Presently, there are six cement factories and cement production is now meeting 80% of the country's demand. One of the largest factories is in Khammouane Province, with a production of 1.2 million tonnes per year – an annual production increase of 44% per year. There are 24 steel fabrication facilities, 10 roofing factories, and 308 concrete plants.
- **Food Processing and Beverage:** Production of beer, other alcoholic beverages, soft drinks and cigarettes has experienced steady growth; it now fully meets the domestic demand, in addition to exporting part of the produce. During 2006-2009, beer production achieved 5,180,179 hectolitres, an average annual increase of 14%. A second beer factory in Champassack Province and a Tiger Beer factory were constructed, and are in operation.

## *ii. Services sector*

- Trade infrastructure: A large number of service facilities were established during the plan period. At present, there are 628 markets exist nation-wide, including in urban and rural areas. Of these, 73 are large, 156 medium and 429 small markets and exhibitions. Shopping centres, malls and night-markets also exist. Further, there are facilities for exchanging products between regions and countries. Currently, there are 17 international, 43 local and 63 border-checkpoints. Up to 2009, 122,182 business and enterprises units are fully operational.
- Communications and transport infrastructure has improved and significantly expanded, including all types of roads, electricity grids, irrigation systems, airports, and others. These directly and indirectly support production, transportation, commerce, investment, people's living conditions, and defence and security activities.
- Roads have been extended by 17%, from 33,803 to 39,568 Km, averaging around 1,824 Km per year, or 4.6%. Paved roads increased from 4,582 to 4,882 Km, or about 7% annually. Construction of a friendship bridge that links between Savannakhet to Moukdahan province in Thailand and Road No.1 in Vientiane Capital have been completed, as have R3 Road (Boten-Huaysay; Road No. 9 (Savan-Seno); and Road No. 12 (Thakek-Ngommalath). Some projects still under construction include: Road No. 2W (Ngeun district-Pakbhang district) completed 91%, Road No. 15B (Saravan-Lao-Vietnam border) completed 49%, Mekong river bridge (Thakek-Nakon Phanom) completed 40%, Road No. 2E (Kwa-Thaichang) completed 31%; Road No. 14A (Pakse bridge-Lao-Cambodia border). 3 Km of railway have been constructed (Dongposy-Thanalang). Small town development projects supported by ADB have been completed in 12 cities. The Nampapa (water and sanitation) project has reached 69% completion in the northern and central parts. Amongst other achievements, 81% of the upgrade of the Pakse Airport has been completed and Savannakhet airport has been re-opened.

The telecommunication network has grown by 7.8% annually, accounting for a 4.6% share of the national economic structure. There are 119 post offices throughout the country, with a further 108 smaller post offices. 11,500 km of fibre optic cables have been laid. In 2009-2010 there were 99

telecommunication centres at present (38 government enterprises, 58 Lao corporations, two Star-Telecom centres, and one Milicom Lao centre). These telecommunication centres provide three million connections. Of these, 149,300 are for landlines (99,400 have already been subscribed, a 2.7% increase over the previous year); 2.59 million mobile phones have already been subscribed, a 53% increase; and Vin-phone (wireless landlines) 29,570 have been subscribed, with an increase of 5% since 2008-2009.

The establishment of the new Base Transceiver Station (BTS) has been completed, enabling 2,000 receiving stations. In general, telephone use is about 48 telephone connections/100 people. For the period of the Sixth Plan, the telecommunication sector generated a total revenue of around 2,127 billion Kip, of which the government received 600 billion Kip.

Tourism: During the period 2006-2010, the number of tourists coming to Lao PDR totalled 8.79 million - 1.76 million per year - and saw an average annual increase of 15.8%. The tourist sector generated USD 258.04 million in revenue, equivalent to 5.19% of the GDP. In comparison to the Fifth Plan period, tourist arrivals increased by 44.45% in the Sixth Plan, and doubled the revenue. In response, hotels increased 21.7% and guesthouses 5.24%. There were 1,148 restaurants in 2010. The number of tourist companies has doubled to 143. Currently, there are 1,493 tourist attractions in the country. Of these, 626 tourist attractions have been fully developed and are open to visitors. Infrastructure for tourism facilities has been improved - there are currently 21 international checkpoints, of which 16 checkpoints issue tourist visas on arrival, with a 30-day validity. This is same length of time for which visas are issued to diplomats and international consultants. Visa holders can now apply for an extension of stay in every province, a facility earlier available only in Vientiane Capital.

Visas have been waived for citizens of the ASEAN, Japan, Russia and Mongolia. Additionally, it is now possible to obtain a three-month valid visa by people of Lao origin who hold a foreign passport, or by any person who obtains a visa at a Lao embassy abroad. It is also possible to extend the visa for another two months at a checkpoint or by three months at a Lao embassy abroad. The government has initiated market advocacy and promotion campaigns, which include establishing and improving information centres related to tourism at the NTA and in all provinces. The Government has also created tourism websites, and has additionally participated in international tourism expos regularly, e.g. ITB in Berlin, Germany, TTM in Bangkok, Thailand, CITM in Shanghai, China, Trade and Tourism Expo in Nanjing, China, ASEAN Tourism Festival in Singapore, JATA in Japan, and ITE in Ho Chi Minh City, Vietnam. Lao PDR was a host country for the World Ecotourism Conference in Vientiane Capital in 2008-2009.

The government has coordinated and collaborated with culture-related sectors and local authorities to organise events and traditional festivals for promoting tourism in the country. This includes international stages, such as the Wat Phu festival in Champassack; Kottabong Stupa Festival in Khammouane; Elephant Festival in Xayaboury; Ing Hang Stupa Festival in Savannakhet; Tai Dam Ethnic Group Festival in Luangnamtha; Tuang Ethnic Group Festival in Oudomxay; and Cotton Flower Festival in Bokeo.

### ***iii. International and Regional Economic Integration***

Following the Party's policy on the international economic integration, Lao PDR has actively prepared itself to become a member of the WTO (initially expected during the 6<sup>th</sup> NSEDP period), and implementation of the ASEAN integration framework during the five years has been successful. This is evident in the signing of the economic cooperation agreement between ASEAN and South Korea, the agreement signed with the ASEAN Service Trade Agreement under ASEAN Agreement on Services for seven categories of services (and the eighth is being negotiated), and the agreement signed for ASEAN-China economic cooperation for expanding economic cooperation between ASEAN and its negotiation partners.

Implementation of Asia-Pacific Trade Agreement (APTA): Lao PDR has reduced the import tariff on 1,803 items (within the scope of APTA); as a result, other countries have shown their support to expand free trade within the framework of APTA. In addition, the government has paid close attention to improve infrastructure to serve telecommunication, service, open up for border-trade and cooperation with neighbouring countries.

### ***iv. Culture – Social Sector:***

- Rural development and Poverty Reduction entails rural development, for which village and village development groups (Kumban) have been established. Six prioritised focal points in Xiangkuang and Vientiane provinces have been defined. Capacity building of about Village Development Plans has been carried out with 2,760 provincial staff members, and Village Development Plans have been drawn up for 133 Kumbans in 69 poor districts. In total there are 1,620 village funds established in 528 villages and 34,856 households are members. An amount of 42.53 billion Kip from domestic funds has been set aside to establish the Village Development Fund. The Agricultural Promotion Bank has extended loans to farmers 130,000 households, amounting to 1,284 billion Kip for cultivation, livestock-raising and small business development. Nayobai (Policy) Bank has given loans to 65,431 households amounting to 805.55 billion Kip. The Poverty Reduction Fund has been established in 1,900 villages located in 161 Kumbans in 21 districts in five provinces. The actual financial operations of this Fund amounted to 16.6 million USD as per the latest year for which data are available. According to the Consumer and Household Expenditure Surveys, the proportion of people below the poverty line decreased from 33.5% in FY 2002-2003 to 27.6% in FY 2007-2008; and from about 26% FY 2008-2009 to about 25% in FY 2009-2010 (estimate).
- Education sector: The educational network has been improved, with schools being set up in remote areas and poor districts. The numbers of childcare centres and kindergartens have increased to 1,284, enrolment rate of children between 3-4 years old increased to 14.6% from 10.4%; primary schools increased to 8,968 places and the enrolment rate of children in the age group 6-10 years increased from 84.2% in 2005 to 93% in 2009-2010. The teachers' skills have been upgraded, especially those teaching in remote areas, and training for the teachers was provided through institutions for gradually strengthening the teaching quality. There are currently 58,404 teachers in the country, an increase by 34% compared to 2005; 154 tertiary education institutions have been

established; and there are totally 122,026 students. The private sector is increasingly contributing to the educational advancement in the country.

- Health sector: People have been increasingly receiving basic health care services. The average life expectancy is estimated to have reached 63 years (for women it is about 64 years and men, about 62 years). There are 4 central hospitals, 12 provincial hospitals, 4 regional hospitals, and 127 district hospitals, 813 health-centres in the country. Numbers of health practitioners have increased, with 9,861 doctors and nurses practicing in the country - 2,897 more than 2005. Vaccination for mothers and children has reached 71% of the plans target; and health education and nutrition are receiving increasing focus. Clean water is available to 78% of the total population, hygienic latrines 52% of the population. HIV/AIDS has been controlled and prevention by ensuring 80% of target risk groups, especially sexual workers, have access to HIV/AIDS prevention services, HIV/AIDS infection rate is estimated to have been reduced to less than 1%, 92% of TB cases receive treatment and malaria prevalence rate has significantly reduced. A surveillance and early warning system to strengthen alerting about epidemics has been established. In the past five years, the country has successfully overcome the bird flu epidemic twice.
- Labour and social welfare: Skills-development among workers has been continuously implemented, and about 640,000 new jobs have been created – exceeding the Plan target by 18.2%. Currently there are 153 vocational and skill-training centres to train 74,069 trainees, exceeding the plan target by 6.88%. The proportion of workers engaged in the agriculture and forestry sector has gradually decreased from 78.5% of the workforce in 2005 to 75.1% in 2010 (compared to the plan target of 73.9%). Correspondingly, the proportion of workers in industry and construction sectors increased from 4.8% to 5.5% (plan target of 9.3%), while the services sector has increased from 16.7% to 19.5% (compared to the plan target of 16.9%), between 2005 and 2010 (estimates). The shift of workers from agricultural sector to non-agricultural sectors stands at 0.7% annually. The government has improved the decree and regulations regarding social welfare for both public and private sector workers by adjusting the rate of health insurance from 65,000 Kip per person per year to 85,000 Kip. Senior revolutionary officers have been carefully looked after and provided special care. The total number of senior revolutionary officers is 9,039 which accounts for about 10.64% of the total officers. An estimated 2,217,187 people have benefited from the removal of unexploded ordnance from various locations. Construction of a memorial for revolutionaries and anonymous soldiers has been completed.
- Information and Culture Sector has improved both in quantity and quality. Technical training has been given to staff for disseminating information throughout society. 45,368,000 newspaper copies were printed and have been distributed across the country, including some remote districts such as Champassack, Savannakhet, Luang Prabang and Khammouane (the larger provinces having remotely located districts). This is an increase of 40,426,000 copies since 2005. FM radio stations expanded from 14 to 43 stations nationwide, covering 90% of the geographic area in the country, and there are 36 television stations which are able to broadcast to 70% of the geographic area of the country. In addition, the content and timeliness of the programmes have been improved, and so has the quality of transmission. The Cultural Sector has been regenerated and it protects the country's culture. National culture has been

promoted nationwide and cultural awareness has been raised among the population. In all, 445 ‘cultural villages’ have been established and 131,346 families have been awarded ‘cultural families’ status (families meeting high cultural and traditional standards) – exceeding the 105,346 target.

#### ***v. Science and Technology***

Lao PDR has adopted laws on intellectual property and six new standards on fuel, construction, food products and agricultural products have been issued. Plant research on Agarwood has been successful. With regards to E-governance, a total of 11 community E-information centres have been established which accounted for 40% of the target and the standard Lao font in IT systems adopted. Twenty intellectual property disputes were resolved and the counterfeit products destroyed. The use of bio-fuels has been successfully tested.

#### ***vi. Water resource and environment***

In the environment sector, legislation regarding the environment has been passed (and/or enacted). A network on meteorology and hydrology has continued to see improvements in weather forecasting. Lao PDR has established a national strategy on climate change and is taking part in international initiatives on climate change and global warming. The country has adopted an environmental action plan on in the Greater Mekong Sub-region transport, energy-mining, and tourism. Strong efforts on the sustainable management of natural resources, biodiversity, forest preservation, Mekong River and its tributaries and lakes are underway.

#### ***vii. Sports***

During 2006-2010, various kinds of sports have been developed and expanded widely. Sports contributed significantly to health and sanitation improvement of the people while also encouraging related businesses, national defence and security. The country has also taken part in sports performance at international platforms. At present, a comprehensive sports infrastructure is available to for different sports in provinces, districts, educational institutions, and government offices, including military-bases. The Eighth National Games were organised in Champassack province. Lao PDR hosted the 25<sup>th</sup> SEA Games in 2009, at Vientiane. This special event has inspired a new generation athletes to improve themselves and have more confidence to take part at the international sports level.

#### ***viii. Prevention Components of Negative Social Consequences***

The party and the government including local authorities, security forces and mass organisations have boosted their efforts in organising events and activities for combating social problems, especially through educating and campaigning, in order to raise awareness about the government policies, obligations, customs and social problems that currently threaten the society. Special attention: drugs, prostitution, robbery, gambling, HIV/AIDS, etc. As a result, social related problems are getting resolved gradually, through local campaigns and many persuasive mechanisms. Efforts are also being made to make the society and people responsible to address these problems themselves.

### **3. Regional development**

- **Northern Part:** GDP growth during the past five years has increased 8.67% and GDP per capita has reached USD679. The R3 road (Bothen-Houysai) is completed while the Road No. 2W (Ngen District-Pakbang), No. 2E (Kuang District-Taijang), Road 1D (national defence and security strategic road, XiengKuang-Borikhamxay) are under construction. National road from Luangnamtha to Nalae has been upgraded. The construction of river bank erosion protection along the Tonpherng District has been completed. The installation of electricity transmission line from Ngoy District to Viengkham District (LuangPrabang), from Luangnamtha to Nalae and in seven districts in Oudomxay Province was completed. Power stations in Xay District and Namor District have also been set up to receive high voltage electricity from the China. Also, the construction of 115 KV of high voltage line from china to Mor District, Oudomxay Province has been completed. Affected and destroyed infrastructure from the floods in 2008 has been restored and repaired. Farmers have been encouraged to grow commercial crops, especially, corn production in Xayaboury Province has risen from 95,000 tonne in 2005 to 328,196 tonne in 2010. Oudomxay, Bokeo, Huaphan and Xiengkhuang Province have also been encouraged. Furthermore, irrigation systems have been constructed and upgraded, such as, NamSeng, NamTae and NamMao-NamNan irrigation.
- **Central Part:** On average, annual GDP growth rate increased by 10.21%, which currently stands at USD 1,119 per capita. Construction of a road to connect Dongdok to Phosy road (450-Years Road, of Vientiane Capital) has been initiated, so has a road from Kasi to Nan district. Improvement of Road No.9 (Savannkhet to Seno); Road No.12 (Thakek to Yommalath); and Road No.1 in Vientiane Capital have been completed. Railway services between Vientiane and Nongkhai (in Thailand) have begun. The construction of the Mekong Friendship Bridge from Savannakhet to Moukdahan has been completed; and the bridge construction project connecting Khammouane province to Nakhonphanom province in Thailand has commenced. Construction of Nam Lik 1/2 and Namtheun 2 hydropower dams have been completed. An operation of Theun Hinboun hydropower dam at the testing stage, and construction has been carried out for its extension. Cement factories have been opened in Vangvieng and Khammouane. In Savannakhet, a sugar factory has been opened; copper and tin processing factories have been constructed; and the Savannakhet airport has been re-opened. The project of constructing the President Souphanouvong Monument (21 March Park Construction Project) at Khammouane Province has been completed. In Vientiane Capital, construction of riverbank erosion protection and Prince Anouvong Park has been carried out. Additionally, the preparations of the celebration of 450 Years of Vientiane Capital are being successfully carried out.
- **Southern Part:** GDP growth during five years has risen 8.82% and GDP per capita has reached USD 735. The development strategy continues to follow the master plan of triangle economic integration, namely, undertaking road project from ThaTang District-Bang Village, Road No. 15A and Sedon bridge; Road No. 14A (Pakse-Lao-Cambodia border); road from Xekong-Dakjeung-Vietnam border; as well as upgrading and renovating Pakse Airport. Moreover, efforts have been made to construct and repair the irrigation system, encourage people to grow rice and crops such as, cabbage, Chinese cabbage and cardamom as well as raising livestock: cows, buffaloes, pigs and chicken.

#### **4. National Defence and Security Sectors**

National Defence and Security activities continued to be taken seriously, to control and combat crimes. People are encouraged to join the National Defence and Security schemes in their local villages, offices and organisations. Recent achievements were: the successful provision of security at the 25<sup>th</sup> SEA Games, other international conferences, and big events. Additionally, problem-solving relating to foreign refugees has been carried out. In general, political stability, safety and order have been ensured. These are basic requirements for development of the society and economy, and establishment of village and village development groups.

#### **5. Management of governance in line with the market economy with socialist orientation**

- The Government has improved its public administration from the central to local levels: the central level is responsible for macro management and local levels are responsible for implementation. The government has established and improved 47 laws, in these 15 laws are recently passed, since 2005. At current, there are totally 83 laws, 176 decrees...
- Improvements in coordination among line ministries, sectors and local authorities have been made through joint meetings between the central government and provincial authorities. Mechanisms have been built to protect and manage civil servants. More than 40 districts have integrated and harmonised their economic and socio-cultural sectors. The government has also prepared a public administration development strategy up to 2020. Improvements in the organisational structure of line ministries, ministry-equivalents, and central level have been completed. The government has drafted and improved 75 legislations in varied areas.
- Authorities at different levels in the government have focused on justice and society issues, and harmony across society has been encouraged. During the past five years, 3,710 cases have been solved, out of 4,352 cases; and the legal system at local level (village level), in 2,515 local units has been established.

#### **6. Implementation of 11 programmes, 111 projects and 25 special projects:**

The concerned sectors and local authorities that have implemented the plans as follows:

- National stability and security protection programme: Focussed on implementing projects relating to social drawbacks and controlling crime; continued assigning personnel to Kumbans in the entire country to ensure peace and security; attempted strengthening grassroots agencies in rural areas, and reduce poverty by establishing 'development villages' and Kumbans along with strengthening people's capacities, national defence and security protection.
- Comprehensive agricultural development programme: Implemented the main projects, such as land allocation for agriculture (a project on agricultural and forest mapping has been completed in Phongsaly province, and in Xayphouthong district, Savannakhet province; and implemented a project on improving agricultural productivity (e.g. best practices have been illustrated in growing rice under the Systematic Rice Intensification (SRI) approach, wherein 7-8 tonnes/ha have been reaped in Seun and Nan districts in Luang Prabang province). In term of animal husbandry, farms for livestock have been set up in large areas, which have enabled control and/or treatment of diseases, such as blood cord disease in cattle-buffaloes, and Flu Type A H1N1. Regarding irrigation infrastructure, completed repairs of damages caused by flooding in 2008; completed 95% of the irrigation works,

completed irrigation canal of length 8,700 metres in an area of 280 ha, completed 57% of the Nammung 3 irrigation project, completed 86% of the Napok project, and completed 90% Sesair project, among others.

- Forestry management and wood industry programme: Developed a mega project of reforestation and forest development for economic purposes (i.e. producer forests) and for environmental protection. Regarding forestry management, undertook a survey to mark the area where the water level exceeded the reservoir's safe level in Sekong 4 hydropower project; forest area surveys and forest area planning projects have been initiated - these are currently being planned for land-use and forest planning (for the three forest types) in five provinces (Luang Prabang, Oudomxay, Luangnamtha, Phongsaly and Bokeo)
- The National Industrial Foundation Establishment and Handicraft Promotion Programme: Under this, developed a mega plan such as the *power industry development project*, undertaken studies and surveys, and constructed 68 projects including: 41 projects under MOU, 20 projects under PDA, and seven projects under concessions; in 2009 completed Nam Theun 2 project (capacity in excess of 1,000 MW) and Xeset 2 (76 MW); and in 2010 completed two projects, namely Namlik ½ (100 MW) and Namyon project (3 MW). Currently, there are 27 dams producing hydroelectricity (~1,868 MW). Besides, the Hongsa power project (1,800 MW) has been approved; the agreement was signed in 2009 and it is currently being implemented. *Mining industry project*: In 2009-2010 export of mining products amounted for USD 359 million, mainly from Sepon gold-copper mining, Phubia gold-copper mining and Long district copper mining. At present, there are 154 companies which have received approval for investment on this sector comprising of 269 projects, of which 186 projects are of foreign origin (FDI).
- Tourism promotion and transit service programme: This has developed into a mega project on *tourism development*. Completed a master plan on tourism development and administration for Maha Siphandone area, and developed administrative plans for Vang Vieng city, Viengxay district, Lor waterfall, Kuangsi waterfall, and Viengthong hot-springs. Regarding tourism facilities, the government has completed building roads to access the Kuangsi waterfall in Luang Prabang in 2005 and to Konglor Cave in Khammouane province, and completed the construction of Luangnamtha airport. In addition, the government has built a tourist information room in each province across the country and has also completed other sub-projects. Under the *Lao tourism promotion programme and a programme on tourism integration with neighbouring countries*, programmes have been conducted through the Internet, the print media, radio, television, documentaries, and videos, especially for eco-tourism. In addition, the government has actively encouraged related parties to join exhibitions, hosted a number of events such as Wat Phu festival, Inghang festival and Elephant festival, joined the international tourism exhibition in Kunming, and completed projects of tourist attraction between Laos, Thailand and Cambodia, among other projects.
- Household and community poverty reduction programme and halting slash and burn programme: Resettled people who live in development project areas; allocated land to farmers for cultivation; formulated village/Kumban development plans (participatory plans have been drawn up in 118 Kumbans in 62 poor districts); provided credit to farmers for agricultural production, livestock and running small business (130,000 households have benefitted); collected information on numbers of villages and districts to direct farmers to halt slash and burn cultivation, especially in two villages (Bounneua district), Phongsaly province; Kornoy village (Xay district),

Oudomxay province; Pha Oudom district in Bokeo province; Thamhoi village (Nonghet district) and Xang village (Koun district) in Xiangkuang province; and Feung, Meun, Vang Vieng, Kasi and Mad districts in Vientiane province.

- International economic cooperation and integration programme and investment promotion programme: With reference to the cooperation programme, Lao PDR has received good support from friendly countries and international organisations, owing to an appropriate policy followed by the party and the government. In the last five years, grants and loans were used for supporting 2,251 projects costing USD 2,443 million, i.e. an annual average was USD 488 million. Regional and international economic integration has been carried out through implementation of a policy of open economic cooperation on a mutually beneficial basis; economic and trade cooperation have been extended; and trade negotiations have shifted to a large extent from the bilateral levels to regional, sub-regional and multilateral levels. The most important negotiations are the multilateral trade negotiation within the ASEAN and the larger Asian region, negotiation for cooperation between ASEAN and its trade partners, and implementation of the Asia-Pacific Trade Agreement (APTA). Next, the process of WTO accession has contributed to improving the laws and regulations; in turn, this improvement has progressively attracted international investment. Thus, the numbers of projects have increased to 761, which have brought in USD 9.7 billion in the form of investments during the plan.
- Communication transport and connectivity programmes: Completed construction of a bridge between Savannakhet-Moukdahan, Road No. R3 (connecting Boten-Huaysay), (extending) Road No. 9 (Savannakhet-Seno), and Road No. 12 (Thakek-Ngommalath). Completed railway construction between Dongphosy-Thanalang of length three kilometres. Completed ‘small city development’ (funded by ADB) in 12 cities. A survey on designing a new airport in Luang Prabang has been completed. Goods transport reached 111.9 million tonnes and passenger transport 210 million. Currently, there are 3.6 million telephone extensions (including 149.3 thousand landlines, of which 67% have already been subscribed – increased by 2.7% compared to the previous year, and mobile phone connections 3.39 million, of which 67% have been subscribed – increased by 53% compared to the previous year. Telecommunication has expanded in rural areas and optical-fibre lines have extended to 13.2 thousand Km. This is an increase by 15% compared over the previous year, and has covered 90% of all provinces and 80% of all districts.
- Enhance efficiency of the public macro-economic management programme: Coordination has been strengthened among the concerned sectors. This is evident in the monthly monitoring reports of the economic performance. It is also included in the quarterly monitoring and quarterly progress reports, prepared to identify strengths and remaining issues, and resolving problems. The uninterrupted growth of 7.9% annually in the GDP is a reflection of the efficient macro-economic management. This could be further seen in the control of inflation (which has remained at less than one digit per annum), improvement in the public budget status, especially budget management mechanism through a centralisation of the Treasury, Customs and Tax.
- Human resource development programme and socio-cultural development programme: Educational reform has been undertaken to reorient education sector, both quantitatively and qualitatively, through implementing teacher’ training strategic plan; developing and improving tertiary education and university education; undertaking community-based educational development projects; and extending school years of education from 11 years to 12.

- In the area of health, the government has undertaken immunisation and health treatment; and constructed and repaired health centres, district hospitals and provincial hospitals, thereby making quality health infrastructure and facilities accessible to people. Besides, the government has promoted producing medicines, and currently there are 880 formulations are being produced in the country in addition to 228 traditional medicine formulations.
- The government is attempting protection of the Lao nationalistic culture, and promoted art and literature at both professional and amateur levels, through metropolitan centres to the grassroots. Besides, the quality of media has been upgraded. Special mention: the digital system has replaced the analogue system.
- Programme on upgrading efficiency of public administration: The organisational structure has been improved in eight ministries, customs, tax and national treasury have been centralised, a pilot project on establishing Luang Prabang city as a Municipality has been done, and a single-window service for commercial and industrial projects has been implemented. The modernisation and simplification of the single window clearance system began in Saysettha district, and the project has now extended to some other districts. The new system will ultimately link different ministries and agencies to achieve higher efficiency (e.g. e-banking, e-governance and e-finance).
- In short, the implementation of the 6<sup>th</sup> NSEDP has been carried out under enabling environments on the one hand, and challenges on the other. The outstanding achievements include political stability, peace and social order; sustainable macroeconomic growth (achieve 7.9% growth); and standing up to the natural disasters and crises. The economic structure has been shifted to serve the industrialisation and modernisation of the economy; commercialised production has emerged as per the market economy mechanism; poverty has reduced and people's livelihoods have improved (physically and mentally), especially among the ethnic people; social problems have been resolved at some level; cooperation with friendly countries has been developed progressively; and the economy has been opened up for larger integration with other economies.

## **7. Outstanding Issues**

- Macro-economic expectation
  - The GDP has increased significantly but despite efforts deployed by public authorities to balance the dividend of growth across the country some disparities in terms of investment and distribution of national wealth remained. Poverty has considerably reduced but inequality persists. Raw materials are exported and not processed in the country, resulting in loss of value addition. The industry sector has grown at a slower rate compared to the service sector.
  - There are good basic public investments, but no focal investment areas are identified. The effectiveness of public investment is low (capital-output ratio: 4/1). A number of public investment projects still lack financial support for implementation. Contribution from Government counterpart funding was relatively modest. The implementation of the private investment promotion policy in several sectors and local areas has been inadequate, and lacked resources. The one-stop service mechanism has not been widely prevalent.

Monitoring and evaluation of some approved projects is not carried out effectively.

- While the budget balance appears to have improved, reliance on foreign aid is still high. Domestic revenue collection is unpredictable, as revenues that are collected adequately in some fiscal years, are not as adequately collected in other fiscal years. This affects the utilisation of domestic revenues for public spending.
- Labour demand and job creation for the workforce have been carried out according to the market mechanism but have not been well planned. As the result, labour market is not balanced (some Lao labourers work in neighbouring countries even when the domestic market still requires more labour, as the result a large number of foreign workers are imported to fulfil the labour demand). In some localities, a large number of agricultural workers from rural areas have moved to urban areas to work in industrial sectors. As a result, some rural areas lack labour to work in agricultural sector.

#### • Sectors

- National forest conservation management, production forests and effective utilisation of agricultural land are not widely carried out. The production of agricultural products for commercial purposes is still in its infancy. Projects lack budget support and technical staff for effective implementation. Technical equipment utilisation and knowledge of management and business administration are still low (about 10%; while in Vietnam it is 33%, Thailand 40% and Singapore 84%).
- In social and service sectors, the quality of services is poor and speed of services is slow. Many of the educational and health infrastructures are below standards, resulting in non-achievement of targets in “compulsory elementary school attendance”, and people’s health insurance.
- In addition, weaknesses and remaining issues are as follows: Poverty reduced. However, regional development is not well-balanced, resulting in low interdependence and integration between regions. Some provinces in the same region achieve higher development targets compared to others. The growth in different economic sectors is not balanced. E.g. the industrial sector other than mining, hydroelectricity and maybe garments, has been slow to grow, compared to the services sector. The investment This reflects a lack of coordinated development between different provinces. Economic growth does not effectively reflect the development of all areas in the same region. Co-ordination of the work plan, and development projects among provinces in the same region, are still lacking.

#### **8. Reasons for the Achievements**

- Correct political directions are defined in the Resolutions of the Party, especially the Resolution of the Eighth Party Congress. Direction and leadership of the Party is firm, up-to-date and compatible with local and international contexts.

- The National Assembly and the government have considered and approved the Socio-Economic Development Plan according to the prevailing regulations and laws. Socio-Economic sectors and local authorities have translated plans into work plans and projects, taken ownership and sought financial support for implementation.
- People at all levels and business community have supported and participated in the implementation of work plans and projects.
- Strong and valuable support provided by friendly countries and international organisations.

### ***9. Reasons for Outstanding Issues***

- Some sectors and local authorities experience delays in translating plans into work plans and projects and in taking up ownership. The implementation of such work plans and projects has begun only since the middle of the five-year period and not the beginning.
- Monitoring and evaluation of work plans and projects is not carried out on a regular basis. Assigned responsibility is still ambiguous.
- Technical knowledge of planning and administrative management of work plans and projects is still limited.
- Natural disasters occurred twice, and the global financial crisis has affected the implementation of development plan.
- In a market mechanism, weak management tend to lead to social and economical problems, and the laws and regulations are not fully enforced.

### **B. Lessons Learned**

- 1.Continue maintaining the Party's directions and translate its resolutions into detailed work plans and projects and assign responsible agencies for strict implementation.
- 2.Mobilise domestic and foreign funding and use it effectively. Rapidly respond to changes in world economic situation and prepare necessary measures to minimise the effects of the crisis.
- 3.Restructure the economy towards greater industrialisation and modernisation, while expanding the potential for socio-economic development in each sector and locality.
- 4.Integrate into the region and the world on the basis of economic self-reliance, resulting in competition and increased output.
- 5.Expand the market-oriented economy in line with social development, which targets poverty reduction, provides opportunity to vulnerable groups, and addresses social challenges.
- 6.Move toward quality and sustainability of development, integrating the three elements of economic growth, social justice and modernisation, and sustainable environmental protection.
- 7.Improve the administrative system so as to be accountable, effective, transparent and responsive. The public official should be a manager, service provider as well as a user of the administrative system.
- 8.All socio-economic activities must be aligned with: the work undertaken by government experts dispatched to work at the local levels; establishment of 'Development Villages'; and, national defence and security.
- 9.Efforts should be made to secure adequate and balanced resources for the macro management and sectoral and regional development through the formulation of the five-year socio economic development plan, annual plans and the national and sectoral monitoring and evaluation systems. Effort should also be made to strengthen the

statistical system to improve its quality and be able to provide the right information on a timely basis.

## **II. STRATEGIC DIRECTION OF THE SEVENTH NSEDP (2011-2015)**

The Seventh National Socio-Economic Development Plan (2011-2015) plays a crucial role to implement the Resolution of the Ninth Party Congress. It is also the means to implement the Socio-Economic Development Strategy until 2020 and transform the country into a modern and industrial society.

The targets and directions of the 7<sup>th</sup> Five-Year Social-Economic Development Plan are as follows:

1. Ensure continuation of national economic growth with security, peace and stability, and maintain a GDP growth rate of at least 8% annually and GDP per capita to be at least USD 1,700 at the end of the plan.
2. Achieve the Millennium Development Goals and poverty reduction by 2015, adopt appropriate technology and skills, and create favourable conditions for graduating the country from LDC status by 2020.
3. Ensure sustainability of development by emphasising on the links and balances between economic development, cultural and social progress, natural resources preservation, and environmental protection.
4. Ensure political stability, peace and an orderly society.

### **A. Expected Development Context and Challenges**

#### *a) Development Context*

##### **i. Opportunities and Strengths**

- **International context:**
  - Global and regional economies appear to be recovering
  - Some friendly countries, especially China and Vietnam, have established models of economic development in accordance with the socialist mechanism along with the market economy. This has created opportunities for the economies in Asia and the ASEAN to expand rapidly and sustainably.
  - International development partners and international organisations are reiterating their continued support to the Lao development efforts.
  - The Lao economy is being scaled up in line with international standards, science and technology, and expansion of free trade.
- **Domestic context :**
  - The country is enjoying political stability and social order, and the multi-ethnic community is living in harmony and solidarity, and a higher political awareness.
  - Under the right political directions and foreign relations policy, the government's socio-economic plans have been appropriately supported by national and international agencies
  - Natural resources and geography of the country are significant factors in attracting investors
  - Possessing appropriate technology and skills are lessons learnt from the implementation of the 6<sup>th</sup> NSEDP.

- There has been rapid growth in population, especially in the working age-groups (15-64 years). The proportion of the working age-group 15-64 years, has been estimated to increase from 3.76 million in 2011 to 4.1 million in 2015. It is also estimated that the workers will increase in different sectors.

## **ii. Challenges and constraints**

- **International and regional contexts:**

- Uncertainty in the global financial crisis will have direct and indirect impacts on the economy of many countries in the world, including Lao PDR.
- While the competition for finished products is expected to be high, the demand in raw materials too will be high. However, producer countries that have strong economies and international organisations tend to put a pressure on developing countries, especially LDCs.
- Climate change and infectious diseases are serious problems

- **Domestic context:**

- The economic base of Lao PDR is still nascent and sensitive to external effects.
- The (negative) side effects of the free market economy mechanism have adversely impacted the society and socio-economic management
- Impacts from two previous major floods and climate change (heat, drought and flood) have adverse effects on the economy and people's livelihoods
- The needs for development have gradually increased; however, the available resources and management and administrative capacities are still limited.

## **B. Overall Directions of VII NSEDP**

The VII NSEDP identifies seven directions described as follows:

(1) Develop all aspects of national economy: Build a strong base for sustained economic growth by acquiring technologies and the means to pull the nation out of the status of a least-developed country; reduce poverty; centre-stage the development of production capacities (to be the core aim for achieving fast track continuous development); support a shift of economic structure and labour structure towards an industrialised and modernised one; distribute the benefits of development for all; implement state-led market economy mechanism; promote small and medium enterprises; promote people's participation.

(2) Make dynamic changes towards rural development and poverty eradication, promote people's livelihoods, reduce the gap between urban and rural areas, different regions, provinces and districts, and rich and poor people.

(3) To make the society just, socio-cultural and economic development must reinforce each other, promote good livelihoods (both physical and mental) through strong educational reforms and human resource development; for example, through upgrading and expanding educational opportunities, developing the intellect, providing higher education, good health, and sanitation, building better management staff and high skilled workers, continuing to protect and raise the value of national culture together with openings for international exchange, and ensure increased social welfare in the society.

(4) Increase enforcement and effectiveness of public administration from the central to grassroots levels. The centre is to be responsible for macro level management while local and grassroots are to be responsible for the actual implementation. Next, there should be consistency ensured between different implementing agencies in carrying out policies. Additionally, equality (and self-initiative in the case of SOEs) in decision-making between and within public organisations is to be ascertained. The local organisations are to be responsible for solving social problems; preventing corruption; reducing extravagance; and abusing laws.

(5) Ensure national defence and security and strengthen the armed forces through application of modern technology across the country in order to maintain political stability, and social order. Improve mechanisms and enforce rules and regulations regarding in-migration and out-migration, and respect the rule of law. Finally, improve the management of the population.

(6) Increase the skills of workers for them to match with the nation's development, allocate, optimise the use and regenerate natural resources, increase cooperation with friendly countries at the regional and global levels, provide favourable conditions for socio-economic development, increase the country's involvement in regional integration, and raise competitiveness at the regional and international levels (with focus on domestic and foreign investment), in order to have strong economic growth, develop socio-economic infrastructure systematically, and draw-up investment promotion policies for economic sectors in priority development areas, production areas, and in difficult and remote areas.

(7) Implement industrialisation and modernisation strategies in a progressive way, and develop focused sectors and regions in which to have favourable conditions and positive factors, so as to reduce the gap between development levels with other countries at regional and international levels quickly. Focus on large projects to achieve fundamental growth, and be able to integrate internationally, promote production units small and medium enterprises and cooperative units and family enterprises, to use new techniques and technologies, in order to increase production quality and efficiency.

## **C. Targets at Macro Level**

### **i. Macroeconomic**

- Achievement of a growth rate of GDP of not less than 8% per year: agriculture-forestry sector grows at least at 3.5% annually, though reduce its share to 23% in the GDP; industrial sector increases by 15% annually and raise its share to 39% in the GDP, and service sector increases 6.5% annually and have a share of 38% in the GDP. The GDP per capita should be USD 1,700 (based on the exchange rate of 8,500 Kip/USD).
- Inflation rate is below the rate of economic growth, a stable exchange rate is maintained, and the year-to-year fluctuation of the Kip should not be more than 5% against major foreign currencies.
- The rate of private consumption is aimed at 75% of the GDP, public consumption (investment) at 8%, total investment (public and private) at 32%, export at 35%, and import at 50%.

- Target domestic revenue levels of 16-18% of the GDP per year, total revenue (including grants) at 18-20% of GDP, and budget deficit not more than 3-5% of GDP. Increase money deposits by about 25.6% per year, or about 39.5% of GDP.
- The growth process is environmentally sustainable and adheres to set standards; and as and where possible, they should be job-creating. The distribution of gains would be equitable regionally and among the people.

## **ii. Economic sector**

- Aim to achieve rice production at 4.2 million tonnes, sown across in 1.04 million hectares, and achieve productivity at about 4 tonnes per hectares.
- Aim to achieve growth in livestock at 4-5% per year, including cows and buffaloes at about 2-3%, and pigs and poultry at about 6% (in this, the production of pigs was 14 million).
- Aim to achieve annual exports growth at about 18% and imports at about 8% per year.
- Aim to expand electricity transmission lines: high voltage of 230 KV, 1,377 Km; medium of 22 KV, 370 Km; and spread electricity in areas not presently covered by the grid (mainly some rural and remote areas), so as to achieve 80% coverage of households in the country. Lao PDR has set rural electrification as an important MDG target.
- Aim to have mining and processing of important minerals, such as copper plates (target: 340,000 tonnes per year), gold bars (target: 24 tonnes per year), and coal (target: 728,000 tonnes per year).
- Aim to increase the inflow of tourists to about 2.8 million people, discover and expand natural, cultural and historical sites, and aim to have two world heritage sites.
- Aim to achieve aviation growth by 8-10% per year, and inland transport by 9% per year.
- Aim to provide piped water supply to people in urban areas, covering 67% of total urban population.
- Aim to expand the network and communication services to rural areas, covering 90% of all villages in the country. Increase mobile phone and fixed-line telephone connections to cover 80% of the total population.

## **iii. Social sector**

- Decrease poverty to below 19% of the total population and poor households to below 11% of total households by year 2015.
- Increase net primary school enrolment rate to 98% in year 2015.
- Achieve enrolment rate of students in (primary) classes 1-5 to 95%, and literacy rate of people in the group of 15-24 years old to 99%.
- Reduce mortality rate of children below five years to 70 per 1,000 live births.
- Reduce infant mortality rate (below one year) to 45 per 1,000 live births;
- Reduce underweight children below five years to 20% and stunting to 34%.
- Reduce maternal mortality rate to 260 per 100 000 live births.
- Increase population having access to clean water to 80% and use of latrine to 60% of total population
- Control malaria, tuberculosis and HIV/AIDS, as per the MDG targets
- Control average unemployment rate to no more than 2%

- Decrease the proportion of total workforce in the agriculture-forestry sector to 70%, increase this proportion in the industrial-construction-mining sectors to 7%, and in the service sector to 23%.
- Construct at least four central public parks and at least one park in each municipality, province and district.

#### **iv. Environment**

- Raise the forest cover to 65% of the total area of the country.
- Preserve mineral sources (keep mineral source at more than 65% of total mineral wealth in the country), maintain/upkeep the condition of the soil, water, and help mitigate climate change.
- Secure the country from losses due to natural disasters, such as forest fires, drought, flood, erosion of river banks, and denuding of mountains.
- Reverse the environmental losses caused in the recent years

#### **v. International integration**

Enhance international trade and economic cooperation and full international integration. Reach the political, security, economic and social targets set by the ASEAN community by 2015. Also, aim to be a member of WTO.

#### **vi. Balances at Macro Level**

- **The balance of investment:** To ensure growth of 8%, there must be investment of about 127 thousand billion Kip (about USD 15 billion, at 8,500 Kip/USD), or about 32% of the GDP. These numbers are based on existing data and technically derived capital-output ratios. Public investment (including domestic budget investment, grants and loans) is aimed at about 43-47 thousand billion Kip, domestic private investment, foreign private investment and converting assets into capital at about 64-70 thousand billion Kip, and bank borrowings and loans at about 13-15 thousand billion Kip.
  - Division of plan funds: Economic – 30%; Social – 35%; and Infrastructure – 35%
  - Of the total expenditure, 35% allocated to debt servicing
- **Division of Responsibilities**
  - Central level: Programmes and Mega projects, which are national and large-scale, and are a priority
  - Sector level: Programmes and projects, which are large-scale, at ministry/government/agency and macro levels (Type 1)
  - Provincial level: Programmes and projects, which are large, at the provincial level (Type 2)
  - District level: Programmes and projects, which are large at district level (Type 3)
- Fund allocation based on sectors: Economic sectors 30%, Social sector 35%, and Infrastructure 35% of total investment
- Fund to pay for debt at 35% of the expenditure on domestic investment
- Balance in budget: Expect total state revenue in the next five years to be 18-20% of GDP, government expenditure to be 20-22% of GDP, and deficit to be at 3-5% of GDP.

- **Balance in expenditure and saving:** Aim to increase savings in banks to 39.5% of GDP per year and the State Accumulation Fund should have more than 2-5% of the domestic revenue.
- **Balance in import-export:** Increase the value of exports by an average of 18%, increase foreign currency in secondary stock, and have enough foreign exchange reserves for imports equivalent to at least six months in a year.
- **Balance in labour:** In the year 2015, there will be demand of 3.26 million workers, but the workforce supply will be only 3.17 million (including about 277,000 new workers, i.e. average 55,000 workers per year). This will include demand for workers in the agricultural sector by about 210,000, industry sector about 14,000, and service sector about 53,000. To meet the demand for workers in the industry and services, therefore, some workers' shift away from agriculture, and 140,000 more workers from the new entrants to the workforce might both be required.

#### **D. Specific Directions and tasks of the VII NSEDP**

##### **✪ *Rural development and poverty reduction***

##### **•Directions:**

- +Between 2011 and 2015, poor villages and Kumbans all over the country will be the main targets and priority for rural development and poverty reduction.
- +Develop rural areas in accordance with the four contents and four targets, along with investment and cooperation from investment companies interested in investing in a particular area.
- +Effort will be made to develop rural areas sustainably by ensuring sustainability of natural resources, developing green zones, and having a pollution-free environment.

##### **•Targets:**

- Decrease poverty to less than 19% of the total population and 11% of total households in the country by 2015.
- More than half the villages to become 'development villages' (according to four contents and four targets), and to urbanise Kumbans for them to become small town centres (at least 1-2 Kumbans per district).
- Continue conducting participatory planning at village, Kumban and district levels and scaling up the poverty development funds to cover three times the current number of villages and Kumbans, to implement poverty reduction projects effectively.
- Continue the activities of the Poverty Reduction Fund in the most efficient way, and expand its coverage by three times.
- Expand electricity in rural areas, covering 80% of the rural population.
- Include social protection in the plan's agenda more centrally.

##### **•Programmes and prioritised projects**

To successfully implement the plans and achieve targets, it is essential to focus on achieving project implementation: resettlement of people for permanent livelihood at a cost of about 0.48 billion Kip; greening the country, linking agricultural

production with processing and service industries, and establishing model villages and groups of development villages (Kumbans), among others.

•**Measures:**

- Continue to relocate government experts to help work at the grass roots level within the Kumban development context (four contents and targets) for strengthening the capacity and leadership of local government officials for planning and implementation poverty reduction and rural development programmes.
- Administratively restructure rural development and poverty reduction agencies to strengthen their institutional capacities, all along from the central level to the grassroots, in management, monitoring, reporting and leadership. Gender should form a part of sensitisation and strengthening institutional capacity building.
- Analyse appropriate rules and mechanisms for implementing policies regarding tax, customs and credit, adequate mobilisation and utilisation of local resources, capitalisation of assets, and other relevant policies for poor districts, historical areas, remote and mountainous areas as well as ethnic people not in poor districts.
- Translate rural development and poverty eradication programmes into projects (aligned with MDG interventions), using funds from the government, international assistance, and FDI.

✦**Economic development**

**i. Agriculture and forestry sector**

• **Directions:**

Systematically develop all aspects of agriculture and forestry for them to be conducive to industrialisation and modernisation priorities, in areas that have favourable conditions; ensure food security; promote commodity production for domestic use and export; improve productivity and enhance end-product quality; optimise use and sustainability of natural resources, especially forests and land; and improve livelihoods of farmers.

•**Targets:**

- Food production:** To produce rice equivalent to 4.2 million tonnes, at 4 tonnes per hectare on average; produce meat equivalent to 221.5 thousand tonnes and aquatic (fish, frogs and shrimps), 157.2 thousand tonnes.
- Commodity production:** To produce 100,000 tonnes of high quality rice seeds by 2015; produce 40,000 tonnes of high quality maize seeds, expand maize production to 150,000 hectares, and produce 120,000 cattle for export (in border areas). Produce coffee at more than 553,000 tonnes.
- Forestry:** Increase forest coverage to 65% of the total country's area by 2015, rehabilitate 3.9 million hectares of deteriorated forest and reforest 200,000 hectares. Additionally, undertake a survey of 60% of forest cover under the three classification types. Finally, expand the certified production forest area by 10% by 2015.
- Irrigation:** By 2015, the irrigated area in the dry season to be increased to 300 thousand hectares (including 200 thousand hectares for dry season irrigated rice and 100 thousand hectares for other crops); wet season irrigated areas to be expanded to 500 thousand hectares.

- **Experiment and use technology in agriculture:** Improve 168 existing agriculture and forestry extension centres and expand to over 500 extension centres across the country. Among others, conduct research on paddy seeds, corn, cattle and fish breeds.

- **Programmes and prioritised projects**

Focus on food programmes and commercial production programmes to ensure sufficient supply to the domestic market. Some projects that need to be continued in the next five years are as follows: Fainamlon-Namtair Project in Kham district, Xiangkuang province at a cost of 59 billion Kip; and Fainamlon-Namseng Project in Nan district, Luang Prabang province at a cost of 29.75 billion Kip. Additionally, it is important to mobilise funds for projects that are pending for want of adequate funds. The aim is mobilising funds from grants, the government's budget or loans at low interest rates (e.g. from the Japanese government). The aim extends to emulate the studied projects (or those that have not been studied), such as Namhuay Vanghay water reservoir construction project in Phonthong district, Champassack province; agriculture-forestry information system improvement project; rice storage room construction in seven big plateaus and 14 small plateaus; the land and forest allocation project; comprehensive irrigated cultivation Xekhathat at a cost of US\$ 7.5 million, irrigation project in Huay Arn at a cost of USD 3.8 million; and irrigated cultivation project in Huay Aey at USD 3.1 million, and others.

- **Measures:**

- Use modern technologies and methodologies, and improve productivity through established extension centres in Kumbans, especially in districts where villages and/or people have been relocated.
- Optimal use of capital and formulation and implementation of policy for tax incentives and trade facilitation that support the expansion of market networks from the wholesale to the retail, including the storage, processing facilities and logistics for better market access.
- Promote irrigated farming systems to support production activities and improve productivity.
- Develop human resources by sending government experts in the fields of veterinary and agricultural extension to areas where there is insufficient expertise, to assist, guide and train local farmers in new techniques in agriculture and animal husbandry to ensure high productivity. The trainees should include women farmers as well.
- Management, legislation and policies: Take measures and implement policies regarding quality control, phyto-sanitary standards (SPS) and diseases prevention; reforest by identifying areas for protection of natural forests; and improve the quality and structure of forests by planting appropriate species of plants.

## **ii. Industry and commerce**

- **Directions:**

Promote agricultural products for export so that they rapidly become a source of economic growth; promote agro-processing for export on the one hand, and local consumption on the other. In addition promote SMEs and family businesses and small enterprises in rural areas, especially in products that already have access to markets and are highly competitive; promote handicraft products which represent the tradition of the Lao people; concentrate and integrate trade with foreign countries and carry out

obligations as mentioned in international treaties; and prepare for entry into the ASEAN community by 2015 and also become a WTO member.

• **Targets:**

Expand food-processing and handicraft at an average of 12-13% per year, expand handicraft at 15% per year, increase trade volume at average 11% per year, increase export value at 18% per year, expand retail markets to cover 80% of the total Kumbans, and establish rural enterprise units in at least 30% of the villages. The growth rates, especially of industries, are to be consistent with local resource availability.

• **Programmes and prioritised projects**

Continue implementing projects supporting improvements in commodity inspection system (funded by loans from China: 1,683 billion Kip); industry association establishment project in Vientiane Capital and select other areas (funded by two sources, including public budget and loans from the Government of Japan: 654 billion Kip); comprehensive silk handicraft project in Huaphan (cost: USD 300 thousand); garment modernisation project (cost: 38 billion Kip); and a project on market access for Lao products, among others.

• **Measures**

- Apply modern technology in production, especially improving the value-added of products, and be able to compete in international markets.
- Attract investment and participation of economic operators for infrastructure development, such as wholesale markets, retail markets, rural markets, and border area markets, by establishing suitable market mechanisms to increase production activities.
- Regulate the industry and commerce sector for supporting the requirements of rapid economic growth; and strengthen capacity of staff and workers (including female workers) in production units, enterprises and import-export entities.
- Invite quality foreign capital that adheres to principles of fair practice and environmental regulations, preferably local job creation and transfer of technology.

**iii. Energy-mining**

• **Directions**

Develop hydropower sources and renewable energy in order to supply energy to the production sectors and the society, and become the battery of the ASEAN. Extractive industries should take into consideration the conservation of the resource and protection of environment (including water). It is also the aim to develop systems for transmitting electricity to target areas (to raise production), and to reduce poverty, especially in remote areas, and expand power in other areas that have the potential to produce exportable goods.

• **Targets**

- Build 10 more large dams during the period 2011-2015, of which expect to complete seven projects, to produce about 3,436 MW and expect to contribute to the national revenue, USD 175 million per year, and initiate constructing 10 more projects to produce about 5,015 MW at a cost of USD 11,295 million.
- Ensure that the number of households who access electricity increases to 80% by 2015

- Complete transmission lines (115 KV lines) in the north, central and south regions, to meet the power demand.
- Strive to accomplish the 500 KV transmission line integration with neighbouring countries, particularly Thailand and Vietnam.
- Operate mining, and process important minerals to transform them into finished products or semi-finished products, like copper plates (340,000 tonnes/year), gold bars (24 tonnes/year), coal (728,000 tonnes/year), and gypsum (600,000 tonnes per year).

**• Programmes and prioritised projects**

Continue implementing the 22KV electrification project in six villages in Soukouma district, Champassack, costing 8.5 billion Kip from the government's budget, and aimed to be complete by 2012; and complete projects for which contracts have already been signed (PDA) and work is under construction, such as Nam Geum 3 (costing 8,916 billion Kip, to be completed by 2016). Besides, some mining projects are also prioritised, such as Salaco Project (Bauxite) in Champassack province; aluminium mining project in Attapeu province; Phubia mining; and gold and copper mining at Sepon.

**• Measures**

- Mobilise and effectively utilise resources including grants and concessional loans for effective development of power infrastructure; and invest in developing the mining sector especially in those areas having a high return and economic potential.
- Regulate the mining sector to ensure highest returns and social and private benefits to the country and people; draw up legal measures for the extractive industries and ensure full enforcement of prevailing laws and regulations.
- Improve policies, laws, regulations and coordination procedures; and increase effectiveness and transparency in the procedures for the study of project proposals and other documents, to attract more investment.
- Strengthen the numbers and capacity and effectiveness of personnel in the geology and mining sector (including women professionals).
- Give out mining concessions in a transparent manner, following internationally set standards

**iv. Land Management**

**• Directions:**

To establish a land use system, and protect and develop land and other natural resources in a sustainable, integrated and efficient manner in order to secure land for the Lao people for housing, subsistence and agricultural and non-agricultural commercial production.

**• Targets:**

- To create a detailed land management plan at both macro and micro levels, and land use plans in villages and Kumbans across the country.
- To complete issuing one million land titles in a systemic and regulated manner, without conflict and achieving a three-fold increase in land revenue (or equal to 5% of the national revenue).

- **Programmes and prioritised projects**

Continue implementing the ‘Land Law’ improvement project; legislation formulation project regarding land management and administration (cost: 42.5 billion Kip funded by grants from the GTZ and SDC); and land use right inspection project (funded by government budget, cost: 8.5 billion Kip), among other projects.

- **Measures:**

- To survey and collect information, manage and classify areas by type, and create maps and master plans for use in administration, regulation, protection, development and utilisation of land and other natural resources with cooperation across all levels, and in collaboration with the Land Management Authority.
- To focus on disseminating the policy and raising public awareness about government policy, and creating conditions for people to follow policies and regulations related to land and other natural resources through media, meetings, workshops and via schools.

#### **v. Public works and transportation**

- **Directions**

Strengthen public works and transportation sector to increase efficiency in production for it to become a fundamental factor in modernisation and industrialisation. Additionally, connect north-south and east-west economic corridors, and connect with neighbouring countries.

- **Targets:**

- Build and expand road connectivity at the sub-regional levels to complete 100% of the transport plan, or about 920 km.
- Build main roads of districts, and rural roads that connect with priority areas and Kumban development areas. The roads must meet standards (e.g. made from gravel and be usable at least for one season in a year). All these roads should be 100% complete by the year 2015
- Build connecting roads, which are important and necessary for national defence/security
- Complete the construction of road transport connecting to Vietnam’s sea port (Choung Ang port)
- Conduct a feasibility study to build a new airport large enough for landing a Boeing 747 aircraft in Vientiane Capital. Additionally, conduct studies for building/improving four other airports, for them to become large enough to land a Boeing 737 aircraft: in Luang Prabang, Xiangkuang, Savannakhet, and Champassack.
- Increase total freight volumes to reach 23 million tonnes (or on average, increase by 7% per year).
- Increase product flows to reach 2.2 billion tonnes-km, or an average increase of 7% per year.

- **Programmes and prioritised projects**

Conduct a feasibility study to construct the railroad from the China border to Vientiane capital at a cost of USD seven billion; Road upgrading projects: Road No.4 from Road No. 13 north, spanning Xayaboury-Palay-Kanthao-Nakha, costing 765 billion Kip, to be

completed by 2012; Mekong Bridge 3 construction, connecting Thakek-Nakhone Phanom, costing 431 billion Kip (funded by grant from the Government of Thailand); Road No. 15A construction connecting Naping-Saravan-Lao-Viet border, costing 642 billion Kip; Road No. 16A upgrading project connecting Paksong-Huaykong-Attapeu, costing 476 billion Kip (private investment, to be completed by 2013); and continue constructing project 1D. Some projects that currently lack funding include River Bank Erosion Protection in Ban Sidonyang, Tonpeung district, Bokeo province, costing 25 billion Kip (requesting funds from the government); technical studies on a new international airport construction in Vientiane Capital, municipality development project in Vientiane Province by 2020 costing USD 130 million, and other projects.

**•Measures**

- Increase the quantity (and proportion) of loans and grants from foreign countries, especially sources that offer untied and unconditional assistance.
- Strengthen macro management: Formulate regulations, rules, decrees and necessary technical standards for management of construction, transport and postage.
- Promote use of modern technology, and strengthen the capacity of staff, personnel and organisation in the public works sector.
- Provide fillip to the handicraft and hotel sectors to promote tourism to fully utilise the proposed new transport infrastructure.

**vi. Post and telecommunication**

**• Directions**

Promote infrastructure development in postal services, telecommunications and high-speed Internet in order to modernise this sector for augmenting socio-economic development as well as be a link-point in the region and the world.

**•Targets:**

- Expand telecommunication network and services to rural areas to cover 90% of all villages, and install 17,200 kilometres of fibre-optic cables.
- Expand mobile phone connections and fixed line phone connections to cover 80% of total population.
- Build stations to inspect and manage radio frequency, at three locations in the country

**•Programmes and prioritised projects**

Encourage completion of projects already having funding (e.g. a supporting project on frequency management equipment, costing 16 billion Kip, to be funded by grants from Vietnam; and a disaster warning system installation project in the centre and provinces, which was granted 50 billion Kip and is to be completed by 2015, among others.

**•Measures**

- Create a favourable environment for telecom and post operators/entrepreneurs in the sectors of post, telecommunication and Internet through the provision of necessary infrastructure, and advanced technology.
- Regularly disseminate policies and strategic plans on post, telecommunication, and Internet development.
- Develop the capacity of personnel in the post, telecommunication and Internet sectors to meet international standards.

## **vii. Tourism**

### **• Directions**

Expand and strengthen the tourism sector and its contribution to the promotion and distribution of the country's goods and services. Develop natural, cultural and historical tourist sites and attractions, and promote eco-tourism, ensuring sustainability through people's participation.

### **•Targets:**

- By 2015, the aim is to have more than 2.8 million tourists. This activity is expected to generate revenues of about USD 350 million per year. The aim is to have 300 hotels in the country and explore the natural, cultural and historical attractions. Additionally, the country is to have two world heritage sites and 29 national heritage sites.

### **○ Programmes and prioritised projects**

Continue implementing sustainable tourism development projects costing 92 billion Kip, funded by the ADB. Projects for which funding has been requested include: classification of tourist attractions sites, costing five billion Kip; tourism infrastructure construction in 4,000 islands in Champassack, costing 85 billion Kip, tourist site development project in Xiengkouang province, Vieng Xay and Nakai districts (Khammuane province), and other projects.

### **•Measures:**

- Develop tourism sites and facilities systematically between villages, districts and provinces nationwide, with detailed tourism programmes and improve existing sites to meet acceptable standards.
- Ensure that tourists have access to travel information; encourage people who live in tourism areas to produce domestic products; and build clean and quality accommodation and services.
- Improve tourism services for them to attain higher quality, through facilitating in-coming and out-going services.
- Provide incentives to handicraft and hotel sectors for attracting tourists.

## **viii. Public Finance and Banking**

### **❖Public Finance:**

### **• Directions**

To strengthen the fiscal and monetary policy to effectively enhance the macroeconomic management and stability, increase both domestic and international revenues, and efficiently use such revenue to gradually reduce the budget deficit.

### **•Targets:**

- Total revenue of more than 18-20% of GDP.
- Public expenditure at a level of 20-22% of GDP; average increase each year being 0.2-0.25% of GDP.
- Budget deficit to be no more than 3-5% of GDP.
- Public investment is aimed at more than 9.5% of GDP by 2015.

•**Measures:**

- To strictly implement the Budget Law No. 02/NA, Dated 26 December 2006 and financial regulations; and take any necessary financial measures to mitigate the impacts of external factor effects;
- To enhance coordination between line ministries, concerned agencies, and local authorities in financial supervision;
- Advocate for, and upgrade the knowledge related to financial regulation for the businesses, through provision of regular trainings.

❖**Banking**

• **Directions**

To ensure stability of the national currency and contribute to reach socio-economic development targets.

•**Targets:**

- To increase bank deposits by approximately 25.6% per year, for these to be about 39.5% of GDP by 2015.
- To increase commercial loans by 22.9% per year (and reach 32.9% of GDP) .
- To secure sufficient foreign reserves to cover imports for six months or more.
- To ensure adequate loans to SMEs and rural areas, even though this can best be done in a phased manner

•**Measures:**

- To improve private banking regulation and financial institution supervision through application of advanced technologies, in harmony with the global financial environment.
- To strengthen and ensure stability in the banking system, and develop a sustainable capital market, integrated and connected to the international markets.
- To develop a capital market that commands credibility and confidence. It should become a place to attract investments, directs resource mobilisation, and becomes a long-term funding resource for Lao PDR's development.
- Develop means to make institutional finance accessible to those who have not availed of this facility until so far

⊗***Social and cultural development***

**i. Education and Human Resource Development**

• **Directions**

- Educational development from now until 2015 aims to ensure continuous increase of quantity and quality of education, continue national education system reforms, and ensure improvement of education in three areas: physical, intellectual and social behaviour, in the national as well as contemporary concepts. To develop human resources in a variety of fields for people to become skilled workers, mechanics, technicians, engineers, managers, executives and others, for them to have secure jobs and be able to compete in the labour market.

•**Targets:**

- To increase the primary school net enrolment rate to 98% by 2015;

- To increase the total enrolment at the secondary school level to 75% by 2015;
  - To achieve 75% upper secondary school students enrolment by 2015;
  - To create a favourable environment to reduce illiteracy among citizens of age 15-24 years, so that literacy rises to 99% by 2015;
  - To reduce the illiteracy of citizens, age more than 15 years to 87% by 2015;
  - To build at least three vocational training schools in cities having high economic potential and growth.
  - To organise regular training for government staff at central and local levels
- **Programmes and focussed projects**  
To achieve the goals and targets, it is required to implement three programmes, namely, programmes on expanding educational opportunity, programmes on improving educational quality, and a programme on improving educational administration. Some main projects include: basic education development project, costing 170 billion Kip; national educational reform project, costing 127.5 billion Kip; educational technology development project, costing 450.5 billion Kip; project on establishing a university in Savannakhet (construction and renovation costs: 233.75 billion Kip); vocational education improvement and expansion project, costing 285.77 billion Kip, and strengthening tertiary education project, costing 357 billion Kip, among others.
- **Measures:**
    - To increase investment in the educational sector to 18% of the total budget expenditure through mobilising funds from various sources.
    - To formulate policies that support talented people to become scientists and competent managers
    - To expand upper secondary schools, vocational and technical schools and universities according to the plan, and to encourage scientific studies, foreign languages and new technologies, to meet development needs.
    - To create and increase educational opportunities in remote areas for children, especially the poor, female, ethnics, and disabled children.
    - To provide special attention in education to the socially disadvantaged children and backward areas and girl children.
    - To link education with nutrition for establishing synergies between health, nutrition and education

## **ii. Health and Nutrition**

### **Health Development**

- **Directions**  
To focus on improving conditions for people to be physically and mentally healthy and be capable of engaging in their economic and social activities; to create conditions for them to be able to access health-services and receive quality care; to attain equality in receiving health services among people; and to balance the improvement of hygienic for disease protection activities and health promotion.
- **Targets:**
  - To decrease maternal mortality ratio, so that it is no more than 260 per 100,000 live births;

- To decrease the infant mortality to 45 per 1,000 live births;
- To decrease under-five child mortality ratio to 70 per 1,000 live births;
- 80% of total population to have access to potable water;
- 60% of total population to have and use latrines;
- To decrease the proportion of underweight children age under five years to 20%;
- To decrease the proportion of stunted children under five years to 34%;
- To control malaria, tuberculosis and HIV/AIDS, to MDG standards

- **Programmes and focussed projects**

Focus on six programmes and some main projects, including a project on controlling malaria, dengue and parasite, costing 246.5 billion Kip; project on maternal health care promotion, costing 123.25 billion Kip; project on children's health care promotion, costing 420.21 billion Kip; project on construction of health infrastructure, costing 55.45 billion Kip; and project on health service quality up-gradation, costing 52.1 billion Kip, among others.

- **Measures:**

- To make use of modern techniques and technologies in health services.
- To continue setting up mobile medical treatment units to reach rural areas, at least four times in a year in order to assist poor communities in each village, especially areas that have high risks of illness and high maternal and infant mortality rates.
- To increase the ability of disease prevention and enhance the quality of treatment at hospitals at every level;
- To continue strengthening the capacity, knowledge and skills of doctors, and particularly female midwives and skilled birth attendants at the local levels.
- To strengthen health centres for treating tuberculosis, malaria etc. Additionally, increase surveillance and spread information for controlling HIV/AIDS

## **Nutrition Development**

- **Directions**

- It is important to ensure adequate best nutrition and capacious food security for the Lao people, to achieve the Millennium Development Goals.

- **Targets:**

- To decrease the proportion of stunted children under five years to 34%;
- To decrease the proportion of wasted children under five years to 4%;
- To decrease the proportion of children under five, suffering from anaemia, to 30%;
- To decrease anaemia among women in the reproductive age to 30%.
- To include nutrition within the context of poverty reduction and strengthening food security

- **Programmes and focussed projects**

The main programmes/projects include those for advocacy on nutrition for infants and children, costing 43.35 billion Kip; project on including Vitamin A as a food supplement, costing 16.5 billion Kip; project on supplementing the diet of children who suffer from malnutrition, costing 10.2 billion Kip; and project on other food supplements, costing 38.25 billion Kip, among others.

- **Measures:**
  - To encourage scientific research for improving the capacity in the areas of drug and food safety.
  - To attract investment in the nutrition development sector, for the implementation of planned activities.
  - To increase the awareness of three hygienic principles (in eating, drinking water, and habitat) among Lao people, for practice in daily life.
  - To integrate nutrition in the health and education systems.

### **iii. Labour and social welfare**

- **Directions**
  - To develop and up-grade skills, knowledge, ability, experience, vision and discipline for Lao workers to obtain the right jobs; have social protection and better welfare; and create opportunities for disadvantaged people and victims of disasters, to receive assistance quickly. Additionally, ensure that quality jobs are created in sufficient numbers.

- **Targets**

- In the next five years, the demand for labour is expected to be about 3.3 million; in the agricultural sector at approximately 2.29 million, in processing industry and construction at approximately 230,000, and in the service sector, about 739,000. These demands need be met.
- Create jobs for about 277,000 new entrants to the workforce
- Construct seven skill-training centres at the provincial level
- Implement a policy package for 51,337 people who served the revolution before 1954, and provide housing for disable officers.
- Expand the social welfare system to provinces to ensure that at least 50% of the population receives health insurance
- Remove UXO from about 12,500 ha; reallocation: around 11.875 ha for agriculture and 625 ha for other activities.

- **Programmes and focussed projects**

Focus on following major projects: project on skill development for the workforce costing 60 billion Kip; project on improving labour deployment and reducing labour migration, costing 21.7 billion Kip; project on rights and benefits of workers, costing 13.9 billion Kip; project on assistance provision and development for victims, costing 104.4 billion Kip; and project on expanding a social welfare network to informal workers costing 117 billion kip, among others.

- **Measures**

- Mobilise resources from various sectors: the government, private domestic sector and international development partners to form a pool of funds for labour development. This would be used for creating conditions for employment as per the Labour Law, as well as creating more self employment.
- Extend cooperation among different economic sectors including regional and international cooperation, for enhancing employment opportunities for Lao workers overseas.
- Continue research and formulate strategic plans for labour and social welfare as well as improve legal and regulatory framework in relation to the

development of labour and social welfare. Meanwhile, also disseminate, instruct and implement these two strategic plans effectively.

- To raise labour productivity for ensuring better earnings and standards of living to the population.

#### **iv. Information and Culture**

##### **• Directions**

- To ensure that Lao culture, heritage and values remains the foundation of the nation and is protected and preserved as part of the development process.
- Use the media to promote political awareness, Party and state direction and the rule of law.

##### **• Targets**

- Increase ‘cultural villages’ to more than 700, increase ‘cultural families’ to more than 100,000 families, develop at least four central public parks and at least one park in each province by 2015.
- Expand the broadcasting coverage of radio stations to cities and villages to cover more than 95% of the country by 2015.
- Expand TV receiving stations and improve the quality of TV programmes. Programmes in provinces and rural areas to broadcast for at least 10 hours per day and cover at least 80% of the country.

##### **• Some of Programmes and focussed projects**

Some important projects are: project on switching from an analogue system to a digital system for basic equipment, costing 510 billion Kip; project on media development, costing 32.5 billion Kip; project on promoting talent among producers of cultural products, costing 25 billion Kip; and projects on construction of information-culture infrastructure, costing 53 billion Kip.

##### **• Measures**

- Ensure that the nation’s cultural values are conserved by strategically undertaking cultural activities and be open to modern concepts, while still reflecting traditional values.
- To encourage all people in the Lao society to effectively participate in the development of information and cultural affairs.
- To promote and foster cultural exchange among ethnics, in order to protect and preserve these valuable cultures.

The 7th Five Year Plan will also continue to emphasise on priorities such as gender equity, scouts, youth and sport development, technological research and application, and unity among all ethnic groups and religions; social and behavioural challenges, cooperation within ASEAN, GMS and foreign countries, and public administration. Details of these are contained in the full text of the 7<sup>th</sup> NSEDP.

#### **v. Population policy, Promotion of Gender equality and Women’s Advancement**

##### **❖ Population policy**

To empower all, including multi-ethnic people, enabling them to decide an appropriate number of children in order to support and provide development opportunities for their children. Continue attention on the implementation of family planning programmes in the rural areas and build strong family, and ensure secured employment for the population.

## ❖ Development and Protection of Women and Children

### **Approach**

Women's and children's rights and benefits will be protected. Favourable conditions are to be created to allow the women to upgrade their professional and technical knowledge to be able to efficiently participate in the process of national development. All forms of discrimination and violence against women and children will be eliminated.

Grassroots missions must be continued to carry out activities such as unifying women in solidarity and building their confidence so that they could actively participate in all activities.

### **Main Targets**

The main targets to be accomplished consist of:

- Educating Lao women so that they understand the government and Party's directions and policies and be aware of social hazards. Target: 85% women >15 years old.
- Recruiting female staff as core staff. Target: 20% of all core staff.
- 80% of Women's Union members to be upgraded in political and technical theory.
- Half of all recipients of information flow to be women.

### **Some Programmes and focussed projects**

Focus on the following major projects: project on preservation of the essence of the national culture, costing 0.35 billion Kip; project on vocational training and skill development, costing 1.5 billion Kip; project on providing assistance to female victims, costing 3.4 billion Kip.

### **Measures**

There is a need to:

- (1) Protect rights and benefits of women and children exposed to risks of sexual exploitation and trafficking.
- (2) Dissemination
  - Intensify and widen dissemination on gender roles, rights and equality.
  - Educate and raise awareness, work towards an understanding of the gender role and improve women's attitude.
- (3) Women and Children Development encompasses:
  - Intensify collaboration with all authorities for women development, and then involving women in all sectors and locales.
  - Upgrade women's capacity through imparting technical knowledge to them.
  - Upgrade women's education on an equal basis with men's at all levels.

## ❖ Promotion of Women Progress

### **Approach**

Ensure that women's rights are developed as per gender equality, in the domestic sphere, education, health and the labour market.

### **Main Targets**

Promoting gender equality and rights within families and society, widening women's participation in ethnic groups, placing women in decision-making positions, and ensuring women good health (including reproductive health) and nutrition

Detailed targets are as following:

- At least 15% of leading posts (district mayor upwards) to be held by women
- Increase female members in National Assembly to >30%
- Increase women receiving training in technology, agricultural production, processing, handicraft and services to 20%
- Increase women in the paid workforce to 40% of the total workforce
- Increase women's participation in planning and sectoral development
- Building opportunities for women and girls to access to social services

### **Some programmes and focused projects**

Some major projects include a project on women's promotion, project to ensure that children receive high quality education, project on capacity-building for women's progress, and a project on technical training in agriculture, processing and service production.

### **Measures**

Measures to be undertaken in this sector:

- Intensifying women's solidarity through periodically organising workshops on political thinking, constitution and law.
- Coordinating with concerned parties to develop training curricula
- Continuing to organise meetings to disseminate women's rights, and intertwine gender in implementing sectoral and provincial strategies
- Intensifying research, to be applied in enhancing women's participation

## ❖ Women and Child Development

### **Direction:**

To encourage the Women and Child Policy of Party and government, such as: to take care health; encourage protecting child rights, and enforce the law, especially regarding child trading, sexual abuse and the like.

### **Main Targets:**

- a. To set up one-time meeting per year for Lao National Commission on Advancement of Women and Child (Lao NCAWC), for monitoring these work from every level.

- b. Lao NCAWC will go to work at local levels, at least 10 times per year. This commission at provincial level is to work at the district level at least 5-10 times per year.
- c. To hold six times per year, training courses to enhance knowledge, capacity for officials to explain rights protection and benefits of the child law, agreement of child claims, and so on.
- d. To hold twice a year, conferences on women and child promotion, law of 'rights of the child' and benefits to them, and agreements on child rights, to inform teachers, children, youth and people at large.

**Measures:**

- To enhance capacity of Lao CAWC in order to appropriately and widely operate their tasks. To enhance cooperation at the national and local levels, by adjusting systems, organisation, mechanisms, methodology, framework, quality and consistency, to be line with the real situation.
- To enhance, encourage, promote and contribute all each level, operation of the child rights as: rights to living, development, and participation.
- Increase contribution of government agencies at all levels, social/economic/mass organisations, and people at large, in terms funds, intellect and human inputs in promoting the cause of women and children, and make this a responsibility of the family and society.

**vi. Youth development**

**Approach**

Bring up youth such that they acquire nationalist spirit and respect for the new regime. They should also develop scientific and technical prowess.

Educate youth so that they know the value of labour ,maintain their health, and sustainably preserve the environment.

Train youth to be entrepreneurs and respond to both domestic and international labour markets.

Orient youth to gain knowledge and develop their intellect

**Main Targets**

- Establishing model youth units, targeted at 50% of all the units.
- Providing young people opportunity for education and self-development.
- Organising mobile vocational training in areas required by labour market.

**•Some programmes and focussed projects**

- Focus on major projects such as, project on youth engagement, costing 1.5 billion Kip; project on skill development for young workers in rural areas, costing two billion Kip; and project on promotion for talent people, costing 0.75 billion Kip, among others.

## **Measures:**

- Elaborate upon the accomplishments and resolutions of the General Meetings of Youth, as if they are Party Resolutions
- Research on improving leadership, work procedures, coordination system between upper and lower levels of authorities
- Concentrate on deploying staff at grassroots to develop and improve youth committees at the village levels in targeted villages

## **vii.Sports and Gymnastics**

### **Approach**

Sports movement should involve more people, in particular the youth, from villages to all higher levels. The standards of Lao PDR's players in some sports, and skills of sportsmen require scaling up to the levels in the Asian region. Some traditional sports will also be encouraged.

### **Main Targets:**

- Conducting campaigns to participate in sports and gymnastics; Targets: 75% of the population, building sport families up to 25% of total families, 90% provinces and 75% of districts to participate in sports, build sports and infrastructures at provincial level
- Training 15% of the population aged between 5-35 to be sportspersons
- Organising the 9th national sport in Luang Prabang in 2011.
- Upgrading and selecting sportspersons to prepare for domestic and international competition, in particular to participate in the 26th SEA games in Indonesia.

## **Some programmes and focussed projects**

Focus on infrastructure construction projects for sports facilities, costing 95.3 billion Kip; capacity-building project for sport administrators; and a project on sport players' development, among others

### **Measures:**

- Seek-out gifted sportspersons and improve their quality. In parallel, training equipment and materials to be provided in strengthening sportspersons' capacities.
- Explore potential from centre to grassroots continuously.

## **viii.Science and Technology**

### **Approach**

Research in new science and technology has be an appropriate in real situation of our country. It is a priority for reaching the socio-economic development goals, especially in production, business and service areas, to be able to compete internationally. Some key areas: e-governance, energy production, bio-diesel (produced from plants) and animals, solar energy, and new type of seeds.

## **Main Targets**

The main targets include the following:

- Completing e-governance, expand the network to all the districts and 20% villages
- Completing the trade and intellectuals registration aiming to strengthen the economic competitiveness efficiency and the capability
- Researching on rice seeds and organic fertilisers
- Researching on biotechnology, ecology, renewable energy and civilian nuclear energy.
- Positioning satellite and trajectory positions to render services of telecommunication system, radio transmission, and TV broadcast
- Researching on social strategies, behaviour, and society.

### **•Some programmes and focussed projects**

- Focus on some major projects such as a project on the formulation and improvement of law on intellectual property rights, costing 1.7 billion Kip; project on research and development of bio-energy, costing 25.5 billion Kip; project on research and promotion of alternative sources of energy to reduce greenhouse gas, costing 29.75 billion Kip; project on e-governance system establishment Phase 2, costing 425 billion Kip and others.

## **Measures**

- Supporting research on various topics meant to serve development relating to scientific and technological research
- Uplifting the quality of science by improving facilities in scientific institutions and training scientists
- The government to provide 1-2% of the national budget for research
- Rewarding scientists for good research performance

### **ix. Building Solidarity Among People by:**

- Enhancing harmonisation between different people's groups, sexes, and religion on key issues related to political affairs and national priorities
- Creating religious tolerance by campaigning and education, and enforcing Decree No. 92/PM regarding the religious management
- Mobilising social organisations to participate in socio-economic development to educate the youth and children to become quality workforce and thinkers.
- Taking up advocacy and mobilisation to attract Lao nationals living abroad to return, and contribute to national development
- Encouraging professional groups to establish associations as per the Prime Minister Decree No 115/PM dated April 29, 2009. These associations are to bring together knowledge and information, and promote business within the Lao laws.

## x. Social Drawbacks Solution and Solving the Drug Problem

Social Drawbacks Solution:

### **[1]. Approach**

Need participants from all people to solve the problems, with serious attention paid to preventing and finding solutions to social issues.

### **[2] Main Targets**

- Solving the drug problem and attempting to make Laos drug-free by 2015
- Preventing corruption in society by educating people on political thinking and revolutionary morality, enforcing laws and regulations, and regularly monitor and inspect
- Reducing accidents through adequate training, inspection, framing proper laws and having proper road architecture
- Addressing inequality in income distribution between peoples, districts, and urban-rural areas
- Addressing unemployment by creating an environment for job creation; this being sensitive to seasonality and also the returning migrants
- Controlling prostitution, lawlessness and gambling, as per the regulations and laws

Solving the Drug Problem:

Direction:

Continue curbing production, consumption, and trafficking of drugs, and reducing drug addiction. This will help solve the problem in both Lao PDR and the ASEAN. Target year: 2015.

Main Targets:

- Encourage farmers to grow other crops and not grow narcotics: about 300 villages per year.
- Try to treat 3,000 opium addicted people per year
- Try to treat 2,000 amphetamine-addicted people per year
- Try to destroy about 700 ha per year of illegal plantations
- Try to increase the number of people to join training courses for disseminating information; target: at least 300,000 people.

### **Some Project and Programmes:**

For solving the drug problem, some approaches are: project for substitute crops, and poverty alleviation projects, cost: 374 billion Kip; project on training and dissemination about the negative aspects of drugs, cost: 12.75 billion Kip; project on reduction of drug consumption, cost: 136 billion Kip; and so forth.

## **Measures:**

- Conduct campaigns widely using varied approaches to raise awareness in the society on the negative impacts of using narcotic drugs, and help increase the initiative from the people in prevention.
- To treat the opium addicted people and continue improving rehabilitation centres.
- To cooperate with neighbouring countries in prevention of smuggling of narcotic drug and related chemicals; and continue mobilising international funds for disseminating information and implementing the National Master Plan on Drugs Control.

## **🌿 *Environmental Protection, Natural Resources Management and Sustainable Development***

### **• Directions**

To ensure that socio-economic development is fully aligned with protection of the environment, forest and sustainable development of water resources

### **• Targets:**

- To protect the quality of the environment (water, land and air) in 25 towns having development projects within the national environmental standards.
- To set up models for managing green environments, particularly in the four main cities along Mekong river: Vientiane Capital, Luang Prabang, Kaysone Phomvihane and Pakse. Establish clean development and carbon credit mechanisms to maximize the benefits for the country.

### **○ Some programmes and focussed projects**

Focus on strategic policy and legislation programmes to build a foundation for better administration, such as project on formulating a decree for implementation and dissemination of the Environmental Law, costing 38 billion Kip (funded by UN's grants); project on risk management due to floods and droughts costing 153 billion Kip (funded by ADB and WB); and project on feasibility study in reducing greenhouse gases, costing 7.65 billion Kip (funded by ADB and WB); and other similar projects

### **• Measures:**

- To raise awareness among people about environmental protection in the society, so that they understand the importance of protecting water resources and environment, and get involved in protecting these.
- To share the focal plan on environment with the relevant sectors for their knowledge and understanding, in order to translate these concepts into rules, programmes and projects, for effective implementation.
- Together with the relevant sectors, to undertake research and improve efficiency of early warning systems if drastic changes in weather occur.
- To mitigate the effects of climate change (that can reduce approximately 1.1% of GDP each year).

## 🌀 *Development of Enterprises*

- **Direction**

The plan will aim to develop all economic and business sectors in a harmonised and systematic manner. It would also improve the state enterprises for them to act as models for other sectors. The different measures would include developing enterprises in line with the market mechanism, and support small and medium enterprises (SMEs), mixed enterprises, partnerships, local enterprises and economic integration, so as to grow strongly and able to compete in domestic, regional and international in the future.

- **Targets:**

- To establish strong enterprises, to broaden mixed businesses domestically and internationally, to establish conditions for business-enterprises in all economic sectors to closely follow government regulations.
- To encourage production in small and medium enterprises, this to grow at least at 15% per annum, on average.
- To accomplish greater market participation ratio of small and medium enterprises, so that they provide employment to more than 85% of the non-farm workforce.

- **Measures:**

- To enhance coordination and divide the management responsibilities among different ministries, sectors and regions, to enable enterprises to work effectively. This would result in a strong associational system, allowing both domestic and international competitiveness.
- To increase trade facilitation for entrepreneurs, provide greater market access, and enhance competitiveness of Lao-made products.
- To take measures for enhancing self-employment and entrepreneurship in the country
- To create an environment for enterprises to access funds; and to transform single ownership companies to share-holding companies, as a prelude to get them listed in the stock market.
- Develop the stock markets to ensure its smooth operation, and make the stock market to be a place to channel savings and mobilise funds. This will be addition to the government, bank and foreign funds. However, the government will have to hold the appropriate proportions of shares in businesses that provide high returns, for greater revenues.
- The government will invest to improve the performance of enterprises serving the social cause and have special characteristics and business strategies, not akin to conventional profit-making.

## 🌀 *Regional and Local Development*

### Regional Development

- The regional development approach is aimed at expanding the potential and capacity of the provinces. The purpose is also to integrate the development of a province with other provinces within the region, provide support to provinces that have potential for rapid growth, and assist provinces with less opportunity to be able to keep up with others.

- The expectations of the 7<sup>th</sup> Five Year Plan are to reduce the development gap between regions and provinces within the same region. Each province and region should develop according to its characteristics, relative advantages and actual conditions. There must be synergies and complementarities between nationally, regionally and locally based projects. The plan aims to develop six focal areas as models, expand development areas within provinces, expand industrial zones, expand special economic zones, encourage other special zones, and develop joint village development areas and urban development.

### **Measures**

- Provinces within the same region, district within the same development area should jointly develop plans, programmes and projects which complement each other and share priorities.
- The regional programmes and projects of any sector should be led and managed by the concerned Ministry, including resource mobilisation and coordinating the effective use of shared infrastructure.

### **Spatial Planning and Development**

Allocate land and forests in a sustainable manner to people living in target areas that continue to practice slash and burn cultivation by balancing utilisation and protection of the allocated land and forest. Focus is also on the development of mountainous, plain, remote and border areas.

#### **Urban Development**

To consider urban areas as the focus for development, as well as a meet and link point among focal areas: Improve urban planning system, develop cities conforming with industrial and business centres, and arrange for providing smaller cities with the opportunity to sufficiently support the movement of labour force.

#### **Village and Focal Area Development**

Infrastructure development is a necessary foundation for enhancing the people's quality of life; the promotion of the untapped potential and strengthen the capacity of each area for mutual assistance in socio-economic development. Encourage dispersed populations to group in villages, in pre-decided locations and provide job opportunities for them to gradually reduce poverty. Additionally, there would be attention on the development of six focal areas in Vientiane and Xiengkouang provinces and some focal areas in the southern provinces.

#### **Special Economic Zones**

To focus on special economic zones which are already established and create appropriate environment for building up special economic zones in other regions within the country. Some examples: special economic zone Boten in Luang Namtha, special economic zone Huaysai-Tonpheung in Bokeo, and special economic zone Savan-Seno in Savannakhet.

### **Programmes and focussed projects:**

Continue a construction project for the office of the National Special Economic Zone at point A; project on construction of the Office for Single-Window Service at point B; and project on Land Reallocation at point A, and other similar projects

### **Measures**

- To improve and progressively upgrade the quality and efficiency of the management system, while supporting the use of modern technology and media in management activities.
- To create favourable environment for investment by focussing on providing basic infrastructure development, public utilities, water treatment, , waste management, as well as improving the quantity and quality of the labour force.

### **🌀Public sector development**

In order to achieve the socio-economic development as planned, the state shall play a leading role in managing the national economy in conformity with the laid down laws and regulations, to develop the economy and community as per the set guidelines and goals. It will ensure the enforcement of these efficiently, guarantee sustainable and secure socioeconomic development, ensure equality and fairness in the development process, and help reduce the gap between the rich and the poor, urban and rural areas, and regions.

### **1.Strengthening government authority representative agencies and enhancing people participation**

#### **•Direction:**

Improve state's justice representative agencies and ensure that people, esp. ethnic people, truly receive benefits; actively create a bridge between the justice system and actual benefits accruing to people; and expand people's participation in the monitoring and evaluation of public administration and public organisations

#### **•Main targets:**

- Improve the organisational structure of government authority representative agencies, maximise benefits to the ethnic people, and ensure that human resources are available in both, quantity and quality
- Formulate and improve comprehensively, the civil law, laws related to economic issues, criminal law, law on territory, socio-cultural law, and law on resources and environment. The aim is also to relate these laws with international agreements that Lao PDR takes part in.
- Improve and make the justice system transparent, so that justice truly prevails in the society, the state's authority is genuine, and there is no corruption
- Promote and develop equality in terms of gender and race, and focus especially on gender equality among public personnel, and in the entire society.

#### **•Measures:**

- Improve coordination mechanisms, rules and principles, especially strengthen coordination between the National Assembly, government agencies and other related organisations

- Promote initiatives and participation of the social organisations, community and people at large, in order to ensure efficiency in plan implementation and achieving strategic goals and targets
- Expand participatory approach in every government organisation to conduct monitoring and evaluation at all levels

## **2. Public Administration Development**

### **–Direction**

Improve legislation system and simplify public administration rules and regulation, by shortening administrative procedures of both central and local level administration in order to ensure effective implementation, improve a human resource management system and make it universal system for all government offices across the country. Produce and upgrade government officers to ensure both quantity and quality available for the national development process.

### **–Main targets**

- Improve laws of the government, law on local authority, personnel laws and other regulation and develop them to become firm references for social administration;
- Improve organisational structure of the government and local authority to become more simplified and more rationale; actively use modern technology and innovative approaches in the administration work
- Attempt to develop training curricula and organise trainings for administrators at district and village level regularly
- Improve public organisational structure and improve local authority to resolve a problem of overlapping tasks between line ministries, government organisations at central and local levels

### **–Measures**

- Formulate some new laws and legislations as necessary in order to serve public administration: laws on capital cities of provinces, laws on public human resource management, decree on government officers and decree on merits of the government officers
- Develop and improve stability in public organisational structure through rearrangement of organisational structure in some ministries and organisations as appropriate
- Attempt to develop knowledge and skills for the government officers at all levels through establishment of public human resource management strategy and training and personnel strengthening strategy in order to respond to the demand of the national socio-development process.

## **3. Laws and legal system development**

### **❖ Legal system development**

#### **[1]. Direction:**

Continue to improve the quality of the legal and justice sector through ensuring political and ethical standards for the attorneys. Effort will also be made to increase the number of attorneys at all levels. Focus will be on research and improvement of laws and legislations that have already been enforced, for them to be compliant with the NSEDG; and formulate some new laws and legislations as necessary to serve national developments.

**[2]. Key targets:**

- Increase low-grade lawyers to 5,000, middle-grade to 3,000, undergraduate to 2,500, Ph.D holders to 4-6 and post-graduate based on the actual capacity;
- By 2015, increase lawyers at local courts by 800, and equip the district justice office with 7-11 staff;
- 60% of all court orders should have been implemented at any time.

**[3]. Measures:**

Improve civil, economic and consitutional laws, and improve the administration; improve the coordination mechanism between the justice sector and others; implement court orders and economic dispute settlement mechanisms judiciously, and enhance village justice systems, to serve the market economic system under a socialistic order.

❖ Law enforcement

***People's Court***

[1] Guidelines

The aim is to create opportunities for the population to get access to justice and enjoy their fundamental rights, develop courts to assure transparency and fairness, and guarantee enforcement of law in foreign cooperation under the principle of mutual interest.

[2] Main targets

Develop the judicial system to move closer to regional and international standards; make the judicial system more transparent; establish an integrated system of administrative courts, labour courts and children's courts; and train staff.

[4] Measures

Improve the organisation, lay down regulations for implementing the law, create and strengthen technical infrastructure in courts; develop research institutions and training centres for them to provide vocational training to judges, clerks and others; and study the flow of legal information between Lao PDR and regional and international levels.

***Prosecutor***

[1] Guidelines

The aim is to implement and disseminate (amended) laws on people's prosecutors, transform the master plan on legal development into work plans and programmes, and to follow the party's line: "s/he who commits an offense must be punished and who does not violate the law shall not be punished". Attention will be paid to monitor enforcement of laws and strengthen the organisation and administration.

[2] Main targets

1) *Reorganisation and settlement of cases:* The aim is to strengthen the apparatus to be secure and efficient and quickly settle cases and restructure the prosecutor at the zone and regional levels to allow the latter functions according to the law. It is proposed to resolve up to 90% of the remaining and new cases.

2) *Human resource development*: Formulate a policy and train staff, check supreme prosecutor's qualifications, virtues (chaliyatham) and merits (chanhyaban); train staff on technical skills to guarantee continuity of work with emphasis on producing curricula and training programmes for the administration, personnel, and assistants to the prosecutor.

3) *Equipment and information*: Provide necessary equipment to facilitate settlement of cases; build infrastructure in the office of the people's prosecutor at all levels; and create an ambience for access to information on the prosecutor's work by the people, and additionally be able to link up with the region.

#### [4] Measures

Set up monitoring and control mechanisms to track activities of the prosecutor's staff (e.g. feedback from community); issue instructions regarding law enforcement by officers in charge of investigation; and coordinate with all concerned sectors to improve regulations and instructions regarding administration, monitoring and control of law enforcement.

### *Lawyers*

#### [1]. **Direction**

Improve the quality of work of lawyers and legal consultants, increase opportunity for all to be able to access justice and their rights, provide protection through dissemination of laws and consultation, and assign consultants to deal with cases for enhancing the 'teeth' of the law.

#### [2]. **Main targets**

Provide legal assistance to the poor without payment; have lawyer-training curricula at the vocational level; organise biannual training programmes for lawyers; establish non-profit organisations on legal assistance; and create a law of lawyers, to be effective by 2011.

#### [3]. **Measures**

Organise training programmes for lawyers to enhance their technical capacities to impart social justice; increase legal services for people to access to justice; and raise comprehensive knowledge on laws and regulations, and the role of the Lawyer's Council.

### 🌀 *Public Security and National Defence*

The plan aims to focus on strengthening the readiness (strong and firm) of the public security and national defence force at three levels through building a strong army, political virtues and bold initiatives; train soldiers to be strong be on high alert; make a clear distinction between friendly countries and others; be decisive in overcoming difficulties (to safeguard the national sovereignty and social order); actively grasp and execute defence strategies; be decisive, courageous and vigilant; be ready for sacrifice; and obey orders and observe discipline. Economic development goes hand in hand with national defence, public security and foreign affairs. The policy will therefore protect and promote peace, and expect these to accomplish the ultimate development targets. Continue implementing the multi-directional, multi-part and multi-form relationships; create a favourable external environment for protection and socio-economic development

of the country, thus contributing to the struggle of the progressive people of the world; sustain and/or increase cooperation with the armed forces of friendly and strategically located countries (including the neighbours); and actively participate in activities under the ASEAN framework to combat international terrorism, transnational crimes and similar activities. Improve regulation on the management of immigrant population; improve infrastructure, technology, vehicles and equipment including modern weapons for the army; and up-grade living conditions for the armed forces through investment on some necessary infrastructure.

### **☉ *International and Regional Cooperation***

Implement cooperation policy to promote political and diplomatic cooperation that serves the purposes of economic development and cooperation through the aid effectiveness agenda; contribute to facilitate and improve the external environment. Additionally, implement foreign relations policy that fosters greater connectivity with regional, sub-regional and international environments, so as to capitalise on existing opportunities particularly within the ASEAN region, GMS, MRC and preparing for WTO membership.

### **☉ *Industrialisation and modernisation***

To continue to establish strategic industrialisation and modernisation urgently for national development and prosperity, to encourage improvements in people's ways of living, and to derive maximum benefit from human and natural resources. The aim is to select sectors and regions having the conditions for growth to quickly reduce the gaps between this country's and other countries' development level. The strategy would include stabilisation of the currency, raise experience and qualification of personnel, and enhance economic competitiveness. The emphasis in the first place would be the development of main sectors (agriculture, agro-processing, hydropower industry, tourism industry, mining industry and building material industry); next, other sectors such as human resources, technological development and application; and third, infrastructure development and development of services. Additionally, effort will be made to ensure higher transparency and accountability, and enforce anti-corruption measures.

In general, the Five Year Plan will continue to strengthen the foundations of the main areas for industrialisation and modernisation.

## **C. Programmes and Mega Projects in the National Socio-Economic Development Plan for the period 2011-2015**

Definition: A Mega project is the project or group of project with a direct cost of USD 50 million. Twenty one groups of projects have been selected as follows:

1. Railways development projects
2. Road development projects related to the Public security and National Defence
3. Highways (express ways) development projects
4. Airport development projects
5. Mekong bridge construction projects
6. Inland waterway and bank erosion protection projects
7. Urban development projects
8. Building construction projects
9. Electricity transmission lines projects (esp. 500 KV)

10. Hydropower projects
11. Mining development projects
12. Irrigation construction and rehabilitation projects
13. Comprehensive irrigated agricultural development projects
14. Industry plants projects
15. Manufacturing projects
16. Tourist site development projects
17. Inter-communication technology projects
18. Expand infrastructure for education projects
19. Expand infrastructure for health projects
20. Providing information and data and disaster risk management for environment protection projects
21. Human development and labour skill development projects

## **D. Implementation Mechanism for the National Socio-Economic Development Plan for the period 2011-2015**

### **1. Enhance the economic growth**

Continue mobilising funds up to about 32% of the GDP through contributions from all, including the economic sectors and international agencies by formulating policies that would attract investments in addition to attracting ODA; begin to implement public investment and investment promotion laws; and increase cooperation with friendly countries and international organisations. Attempt to expand SME and family enterprises; establish rural producers' groups similar to rural enterprises. All sectors including local authorities are to take up the responsibility of generating maximum incomes at both, the central and local levels; scrupulously implement the law on taxes and customs to bridge gap in revenue collection; and strengthen controlling of smuggling of commodities.

Implement key directions and measures to enhance economic growth and maintain its stability. It is important to ensure the different macro balances, including those relating to flow of funds, budget, export-import, debt service, monetary and fiscal balances (inflation, exchange rate, etc.), labour balance, and balance between the supply and demand of raw materials (for business). Implement pricing policy to serve the market mechanism and management of prices of some essential products; establish complementary relationship between the planning process and the market economy; implementing the national saving measures widely and efficiently; study and be vigilant about the regional and global economic trends, as well as climate change and natural disasters.

### **2. Measures to achieve MDG targets (8 goals + newly designated MDG 9, 20 targets and 58 indicators, and 218 interventions)**

- Improve the necessary infrastructure for achieve the MDGs
- Encourage (sustainable and environmental friendly) production to ensure food security with safety and quality; promote labour-intensive industries; and gradually up-grade capacities and skills of workers to reach international standards, especially among the poor.

- Improve educational and health services commensurate with the demand, both quantitatively and qualitatively. Ensure equality in education for all; attempt to promote socio-cultural development widely for it to spread nation-wise. Create facilities for ‘mother and child health’, to achieve reduction on MMR and CMR.
- Attempt to remove UXOs from risky areas to promote production and raise people’s livelihoods.
- Manage use of natural resources to obtain maximum benefits from these, yet maintain sustainability of these resources.
- Apply newer approaches, especially in conducting research and experiments in health, education, and other services, and use modern equipments (e.g. medical equipment), produce quality medicines, and apply modern technologies in disease prevention and cure.
- Improve monitoring system on implementation of each of the goals and conduct monitoring regularly to learn lessons, and seek timely solutions.
- Increase coordination between different directly related and indirectly related sectors, e.g. Ministry of Foreign Affairs, Ministry of Planning and Investment, Ministry of Agriculture and Forestry, Ministry of Health, Ministry of Education, Ministry of Public Works and Transport, Ministry of Energy and Mining, Water Resource and Environment Administration, Lao Women’s Union, and Lao NCAW and others, to implement MDGs, especially the 218 identified interventions (out of which 200 have already been integrated into the annual development plan of each sector). The total fund is USD 6.3 billion, of which USD 4 billion need to be mobilised from ODA, excluding the funds for UXO. Additionally, coordinate with development partners regularly to mobilise funds and obtain support from them, both technical and financial.

### **3. Measures on rural development, poverty eradication and environmental protection to achieve sustainable development**

- Strive to allocate land and forest to landless farmers for permanently settling them; and invest in implementation of projects on poverty reduction at the Kumban, or priority area levels
- Increase the development of people at the grassroots and rural areas, and eradicate poverty at those levels (following the four contents and four targets on village establishment and Kumban development), though undertaking participatory planning at the local levels; and build capacities of staff at the district and provincial levels.
- Develop labour markets by establishing labour market networks and expand it widely to reach the poor who face frequent unemployment or breaks in work, to create incomes and improve livelihoods.
- Raise awareness among people at all levels for them to participate in water and environment management; continue classifying and allocating land, for benchmarking socioeconomic development; up-date weather changes regularly and participate in related activities; and invest in projects related to environmental issues to solve the problems in a timely manner.

#### **4. Measures on promoting commercial production**

- Promote use of modern technologies; improve production capacities; expand production to areas having enabling conditions and reduce unit costs in production; use pesticide and herbicides to protect crops; control diseases among livestock
- Improve the policies on tax, customs and trade to create a conducive environment for market expansion for wholesale and retail; improve storage (e.g. set up warehouses, cold storages), and processing food facilities (e.g. bakeries); increase the number of agro-processing factories, rice milling factories, slaughterhouses, and animal feed factories, and up-grade the quality of existing industries.
- Promote irrigated agriculture to increase agriculture production; allocate some agricultural land to produce food; focus development in the seven plains and in some small plains in the north and mountainous areas.
- Build human resource capacities among the government staff for them to become skilled in veterinary sciences; assign staff to local areas where there is need, to serve those areas, to make a needs-assessment in each target area with 3-5 Kumbar staff to assist in the assessment.
- Use modern technologies in production processes, especially in the processing industry, to improve the quality of export products and create higher value addition, thereby becoming competitive in the market.
- Formulate policies relating to promoting commercial production, pricing and loans: policies on attracting investments in infrastructure, such as wholesale and retail markets for agricultural products, rural markets, markets in border areas; create warehouses and facilities for storage and processing. Mobilise funds for stabilising the prices of agricultural products by establishing two-way links between the producers and traders. Manage markets and prices to maintain economic stability and protect the consumer. Establish mechanisms and formulate policies on finance and credit. Additionally, continue advocacy, set up exhibitions, and develop brand names for the products, to match with the international standards.

#### **5. Measures on coordination between sectors relating to cross-cutting issues**

- Agriculture and Forestry Sector is the key coordinating sector, to work with other sectors (at the central and local authority levels). Ensure food security at the household level on the one hand, and provide clean and safe agricultural products, on the other.
- Health Sector is identified as the central coordinating sector for health and nutrition, to work with related other sectors (at the central and local authority levels). Establish the monitoring and evaluation system and network with other sectors; establish the nutrition surveillance system; and disseminate information on nutrition, especially on quality control and food safety.
- National Land Management Authority: Coordinate with related sectors in promoting and implementing the Land Management Law, increase land allocation, license land use, and give land to the landless, and small and medium farmers.

- Water Resource and Environment Administration: Coordinate with related sectors within the central and local authority on natural resource management and exploration, reduce environmental degradation, and reduce pollution.
- Education Sector: Develop and integrate child nutrition issues into both formal and informal schooling system, as well as coordinate with related sectors to conduct surveys on nutrition in schools and focus greater attention on gender equality in all education levels.
- Labour and Social Welfare Sector: Coordinate with related sectors in training workers, and concentrate in training youth in both rural and urban areas, especially women. The sector should also take up UXO issues on priority to eradicate poverty and human safety.
- Mass Organisations: Bring nutrition issues into their work plan as well as disseminate information about nutrition, importance of gender equality, and addressing social drawbacks (particularly drug problems in such a way that people understand them). Involve the ethnic people in solving social drawbacks.

## **6. Enhance the role of public administration**

- Improve the effectiveness, efficiency, transparency and duty (of civil servants), to serve people, by establishing concise and reasonable mechanisms, and eliminating unnecessary bureaucracy. Fight corruption and others drawbacks in the government’s organisational structure; and induce government officials to join in the development and building the nation.
- Ministries and government organisations must play a crucial role in macroeconomic management, as well as be responsible for their own ministries. Improve and disseminate relevant laws and policies to the current circumstances; assess, inspect and help local and micro units in carrying out their duties.
- Enhance the implementation and enforcement of rules, regulations and measures approved by government, and fight corruption in a determine manner.

## **7. Implementation of the 7<sup>th</sup> NSEDP and decentralisation**

- Government: Report the progress of the implementation of NSEDP and Public Investment Programmes (PIP) to the National Assembly. The government is to issue a decree on the implementation of the NSEDP and PIP after the approval of the National Assembly.
- MPI: It publishes Measures for the implementation of the NSEDP and PIPs after the government publishes its decree on the implementation of the plan. MPI must regularly summarise, consolidate, assess and report on the implementation of the NSEDP and PIP.
- Ministry of Finance (MOF): Manage, assess and follow up on the utilisation of the national budget in the implementation of PIPs by line ministries, agencies and local authorities. MOF must also quarterly summarise and consolidate the implementation of the budget plan of PIPs, and submit to the MPI no later than the 10<sup>th</sup> day of the last quarter month, to report to the government.
- Ministries and Government Agencies: Summarise quarterly, consolidate and report on the implementation of the NSEDP and PIPs that are under their responsibility and supervision, and submit to the MPI no later than the 10<sup>th</sup> day of the last quarterly month. The ministries

and government agencies must be responsible in effectively implementing their PIPs according to the laid down laws.

- To ensure, in achieving targets of national social and economic development and implementation. Ministers, heads of government agencies, governors and the Mayor of Vientiane Capital must hold the responsibility in providing guidance to their working units and supervision, to solve problems.
- Ensure regular coordination among the central authorities, between central and local authorities, and between local authorities. Tighten coordination between the economic and social sectors. Each authority/sector must clearly formulate its own development policies, have systems of exchanging information and draw up vertical development plans spanning from the central to the grassroots.
- The implementation of the 7<sup>th</sup> NSEDP must have a clear assessment framework, and a concrete monitoring and evaluation system. Every sector and local authority must have its own system of monitoring the plan. They are to provide a progress report on the implementation (including strengths and weaknesses) and submit to the macro management authorities.
- The implementation of PIPs and government expenditure must be based on the Public Investment Law, Budget Law and other related laws, monitored by top officials, and coordinated vertically and horizontally.
- State Inspection and State Audit Authority must monitor and inspect the implementation of the NSEDP and state budget, based on its roles and responsibilities, and report the findings to the government.