



**Round Table Implementation Meeting  
25<sup>th</sup> & 26<sup>th</sup> November 2019  
Luang Prabang Province, Lao PDR**

**Background Document**

Prepared by  
Department of International Cooperation  
Ministry of Planning and Investment  
November 2019

# Table of Content

<b>I. Introduction .....</b>	<b>1</b>
<b>II. A Brief Summary of Progress on the Implementation of the National Development Agenda in 2019 .....</b>	<b>1</b>
<b>2.1 Implementation progress across three outcomes of the 8<sup>th</sup> NSEDP including perspectives on the LDC Graduation .....</b>	<b>1</b>
• Outcome 1 – Sustained inclusive economic growth with economic vulnerability (EVI) reduced to levels required for LDC graduation and consolidated financial, legal and human resources to support growth.....	2
• Outcome 2 - Human resources are developed and the capacities of the public and private sectors are upgraded; poverty in all ethnic groups is reduced, all ethnic groups and both genders have access to quality education and health services; the unique culture of the national is protected and consolidated; political stability, social peace and other, justice and transparency are maintained.....	9
• Outcome 3 – Natural resources and the environment are effectively protected and utilized according to green-growth and sustainable principles; there is readiness to cope with natural disasters and the effects of climate change and for reconstruction following natural disasters.....	16
• Cross-Cutting Issues .....	20
<b>2.2 Localisation of the Sustainable Development Goals (SDGs) – Post Voluntary National Review Report (2018).....</b>	<b>24</b>
<b>2.3 Update on the Implementation of the Vientiane Declaration on Partnership for Effective Development Cooperation .....</b>	<b>27</b>
<b>III. Preparation of the 9<sup>th</sup> NSEDP.....</b>	<b>28</b>

## **I. Introduction**

1. The Round Table Process in recent years is a national partnership platform led by the Government of Lao PDR to advance policy dialogue for better development results. The high-level meeting (organised once every five years) and the implementation meeting (organised annually) are the only venues in Lao PDR that gather representatives from all Government ministries & provinces at the highest level and all partners in development including private sector and civil society. The Government of Lao PDR considers the outcome from the meeting as the most representative and consultative to shape policy options for the country development. Therefore, the Government of Lao PDR is committed to ensure that the Round Table Meetings are result oriented and they are effective and interactive as much as possible.

2. Following up on the 2018 Round Table Implementation Meeting (RTIM) organization of the 2019 RTIM is important as it is a national platform to further enhance effective development cooperation, including on the implementation of the Vientiane Declaration Country Action Plan (VDCAP) for better results relating to: i) the impacts of LDC graduation which is anticipated for 2024 (and the transition period); ii) SDG localization, particularly the SDG and LDC indicators which need to be monitored and reported against on an annual basis; iii) Disaster recovery framework including indicative support at national, sectoral and provincial levels; and iv) the impact of climate change on Lao PDR's development path. Importantly, the 2019 RTIM is the main policy dialogue for national partners to exchange views with provincial authorities and international partners and other stakeholder to review and consult on drafting of the 9<sup>th</sup> NSEDP and its linkage with the budgetary process.

3. Within the scope of these 2019 RTIM objectives, this Background Document has been prepared to capture key progress/forward looking actions towards the outcomes and outputs of the 8<sup>th</sup> NSEDP in order to inform policy direction for 2020 and the formulation of the 9<sup>th</sup> NSEDP. This Document reflects actions and activities clustered around three outcomes of the 8<sup>th</sup> NSEDP. Discussions under each outcome are based on the contributions of relevant line Ministries (LMs) and all Sector Working Groups (SWGs) who provided sectoral progress reports based on the 2019 RTIM guideline. Some key information is also extracted from the Mid Term Review of the 8<sup>th</sup> NSEDP and the SDG Voluntary Review, and the Assessment of Istanbul Programme of Action (IPoA) on the LDC.

## **II. A Brief Summary of Progress on the Implementation of the National Development Agenda in 2019**

### **2.1 Implementation progress across three outcomes of the 8<sup>th</sup> NSEDP including perspectives on the LDC Graduation**

4. The 8<sup>th</sup> NSEDP implementation in the 2019 comes at an important time. Lao PDR reached the threshold for graduation from the LDC category for the first time in 2018 and is anticipated to reach full graduation in 2024. It also recently completed its first SDG Voluntary National Review (VNR) and is in the process of preparation of the Assessment of Istanbul Programme of Action (IPoA) on the LDC. As the Government considers the remainder of the 8<sup>th</sup> NSEDP implementation period and begins a new planning cycle for the 9<sup>th</sup> NSEDP, it is committed to further strengthening strategies and activities that align and support LDC graduation, the 2030 Agenda, and green growth. Recent implementation of the 8<sup>th</sup> NSEDP has taken place in a relatively challenging regional and international environment. Most prominently, Lao PDR remains vulnerable to disasters, evidenced by 2018 and 2019 flooding and drought that affected all provinces across the country. These events will affect significantly progress towards 8<sup>th</sup> NSEDP targets.

5. The following sections provide a brief narrative of progress over the past 12 months which collectively indicate that the country is on track to achieve the 8<sup>th</sup> NSEDP outcomes to ensure Lao eligibility for LDC graduation status by 2024. Simultaneously, an attempt has also been made to respond to key recommendations and discussion points arising from the 2018 RTIM. The Government recognizes the importance of continuity and progress across all of the recommendations, issues and suggestions generated from recent RTMs/RTIMs as being highly valuable to its partnership for helping shape and evolve national development agenda for the attainment of better results.

**Outcome 1 – Sustained inclusive economic growth with economic vulnerability (EVI) reduced to levels required for LDC graduation and consolidated financial, legal and human resources to support growth**

**Output 1 – Sustained and Inclusive Economic Growth**

6. Average annual GDP growth was 6.4 percent in 2019 (9 month). Growth across sectors, however, varied sharply. The agriculture and forestry sector grew at an average rate of only 2.8 % over this period. Services sector growth is about 7%. The strong economy-wide growth performance has instead been driven primarily by expansion of the industrial sector, which grew an average of 10.4 percent per year from 2016-18 though there is likely to be a decrease in 2018 as a result of the impact of the floods.

7. With economic growth around 6.4% in 2019 (9 months) and an expectation of reaching 6.7% by the end of 2019, the Government is committed to addressing some of the most critical inclusive and sustainable growth constraint. Continued efforts will be made to remove growth constraints of the non-resource industrial sector, improve the business environment, increase agricultural productivity, and unlock the potential of the services sector will be critical priorities for the remainder of the Eighth NSEDP period and beyond. Specific activities include, in particular:

- Continuing efforts to establish a comprehensive national power development plan in the energy sector, which includes a power development plan and a transmission line development plan based on more accurate power demand forecasts.
- Introducing policies and regulations to minimize negative consequences for the natural environment in the mining sector while considering a policy to increase the value of processing of minerals.
- Continuing the shift to toward a greener and more resilient growth model, as outlined in the new Green Growth Strategy, and mainstreaming green growth priorities and targets into national and sector strategies.
- Strengthening non-farm rural job creation and productivity (e.g., eco-tourism), such as through enhancing watershed management, transport infrastructure, and investing in cultural heritage sites.
- Supporting the development of stronger and more competitive SMEs (e.g., in handicrafts, artisanal wares, higher value-added agriculture products) through increasing access and provision of capital, training, and infrastructure, and through implementation of the SME road map to improve firm and sector-level competitiveness.
- Accelerating productivity in the agriculture sector, including through further implementation of the Agricultural Development Strategy 2020. Specific initiatives include improving agricultural production infrastructure, upgrading technology, strengthening farmers' associations, improving irrigation systems, and improving access to inputs.

- Development and implementation of the national rural employment strategy to further promote decent livelihood and rural productivity.
- Continued emphasis on building new and strengthening existing transport infrastructure as critical support for reaching many plan targets across all outcome areas, including expanding and enhancing connectivity through roads, railways, waterways, and aviation.
- Balancing support to commercialization with ensuring food security and access to nutritious foods for all communities (e.g., as highlighted in the 8<sup>th</sup> 5-Year Agriculture and Forestry Development Plan (2016-2020)).
- Continue support for farmers' organizations, rural finance, and insurance mechanisms to improve productivity, equity, and resilience through modernization.
- Implement strategies for strengthening youth participation in agriculture activities.
- Intensify efforts in implementation of trade and private sector reforms, including through implementation of Prime Ministerial Order No. 2 on the Ease of Doing Business, and speed up regulatory reforms relating to trade and the business enabling environment (e.g., reducing NTBs and streamlining regulatory and administrative procedures for business registrations and investment approvals).

## **Output 2 – Macro-economic Stability**

8. Progress in implementing the National Socio-Economic Development Plan (NSED) is reported annually to the National Assembly which also provides guidance for the parameters of the next annual plan. Thus, the NSED annual plan for 2019 approved by the National Assembly highlights the Government's commitment to continue to effectively enhance macro-economic management and stability by maintaining a low budget deficit policy, together with a stable exchange rate and inflation below the rate of GDP growth recorded at 6.4%.

**Table 1: Macroeconomic achievements and targets**

<b>Key Macroeconomic indicators</b>	<b>2019 (Pre-Estimated)</b>	<b>2019 (Targets)</b>	<b>2018 (Targets)</b>
GDP per capita	\$ 2,762	\$ 2,683	\$2,536
GDP Growth rate	6.4%	6.7%	7%
(Agriculture)	2.8%	2.8%	2.8%
(Industry)	8.3%	7.1%	9.1%
(Services)	6.6%	7%	6.4%
Budget deficit	7,088,78 Billion Kip	1,558,96 Billion Kip	7,357 Billion Kip
(Revenue collection)	26,305,29 Billion Kip	17,261,75 Billion Kip	25,452 Billion Kip
(Budget expenditure)	33,394,07 Billion Kip	18,820,71 Billion Kip	32,809 Billion Kip

Source: NSED 2019

9. As per the 8<sup>th</sup> NSED mid-term review, a number of macroeconomic NSED targets will be met including for inflation and the budget deficit. However, the Government is aware of existing risks and vulnerabilities. Therefore, over the rest of the 8<sup>th</sup> NSED period the Government is committed to strengthening resilience to potential shocks and creating suitable conditions for growth. Specifically, priorities include:

- Managing public debt sustainably, such as through the Public Debt Management Law and the Public Procurement Law, emphasizing borrowing on concessional terms.
- Reducing foreign currency lending risks, identifying NPLs, and strengthening capital buffers.
- Strengthening management of state-owned banks.

- Improving tax administration and collection, such as by closing tax exemptions, introducing new excise taxes, reviewing the capital gains tax and modernize tax collection (TaxRIS).
- Reviewing and strengthening the regulatory framework for business to help facilitate investments.
- Improving inclusiveness of the financial sector to improve access to credit and lower risks.
- Continued efforts for expenditure reform, including measures to end off-budget expenditure, eliminate nonessential outlays, and reorient spending towards improvements in health, education, and social assistance.
- Maintaining approach to managing the exchange rate by allowing movement gradually within the band while putting in place conditions for greater exchange rate flexibility over the medium-term.
- Avoiding or minimizing potential damages caused by contingent liabilities.
- Developing well-functioning financial intermediaries to mobilize domestic savings for public investment (government bond markets).

### **Output 3 – Integrated Development Planning and Budgeting**

10. Meeting Lao PDR's development challenges will require significant increases in resources. But progress towards development targets have been constrained by reduced revenue collection in recent years and limited fiscal space linked to interest payments. The Government recognizes the challenges it has experienced in past cycles with aligning development planning and financing and it is committed to ensuring that funding allocation is timely and aligned with national development strategies.

11. While the 8<sup>th</sup> NSEDP provides an overall development framework, challenges remain for coordinating government-wide and sectoral plans and ensuring budget allocation to prioritized development priorities and programs. During the first half of the 8<sup>th</sup> NSEDP period, the Government has undertaken a number of measures to strengthen the links between the plan and the development budget, and to improve coordination between the latter and the recurrent budget. This includes, for example, approving Budget Preparation Instructions stipulating that public expenditure must adhere to the budget plan approved by the NA. This instruction represents Government's commitment to curb spending beyond the NA's approval parameters that may dilute the focus on national priorities. The Government also introduced a measure stipulating that sectors and local authorities are only allowed to implement investment projects endorsed by the NA.

12. Meanwhile, at the operational level, the Government with support from partners has been reviewing the Government Finance Information System (GFIS) and developing the Financial Management Information System (FMIS). Businesses have also been encouraged to adhere to the VAT system. The government has also carried out Public Expenditure Financial Accountability Assessment (PEFA).

13. At the strategic level, the Public Finance Development Strategy to 2025 is a critical plan to promote better budgeting and planning processes. Key targets include: maintain prudent Public Financial Management (PFM) by strictly adhering to the State Budget Law, develop a comprehensive modern legal framework, implement the State Budget Plan as approved by the NA, apply modern systems in line with international standards, limit revenue leakages and expenditure loopholes to ensure sound planning and fiscal disciplines, and manage public debt prudentially. Key targets of the Public Finance Development Strategy and the 8<sup>th</sup> NSEDP include efforts to ensure: clarity of policy direction and

institutional frameworks, budget allocations reflective of priorities, spending consistent with approved budget allocation and allotments, and monitoring results and ensuring implementation feeds back into the policy process.

14. Specifically, for the remainder of the 8<sup>th</sup> plan period and beyond, proposed priorities will include:

- Emphasis on greater integration between planning, financing, and monitoring and evaluation, building on ongoing PFM reform initiatives.
- Strengthening longer-term planning, costing, and financing to 2030 to support SDG achievement. This includes enhancing the monitoring framework and its links to Lao PDR's localized SDG targets and ministerial plans, along with the development of cost estimates to help guide financing strategies.
- Strengthening the consistency of ministerial development plans and their linkages with each other and the NSEDP, such as the possibility of standardizing plans that link activities to financing.
- Improving technical coordination and information sharing between ministries for greater coherence at both national and provincial levels.
- Strengthening development and implementation of financing strategies, including the Government's recently drafted public finance strategy. Such efforts include consolidating and providing a clear implementation plan to help facilitate both increased and more coordinated support from development partners.
- Continuing initiatives for greater transparency of financing activities of government and non-state actors to help guide a coherent and informed approach to development plan implementation.
- Carry out a comprehensive mapping exercise of development finance, including to help identify financing gaps.
- Developing clear breakdown of past and future expenditures across sectors and actors to support development of a financing strategy to enable implementation of prioritized activities.
- Re-invigorate the aid management platform to better track international commitments and disbursements, ensure alignment with plan priorities, and enforce partner accountability.
- Introduce better tracking of financial need, planned and approved budgets, and spending, taking advantage of good practices in selected ministries to model practices in a phased manner across government.

#### **Output 4 – Balanced Regional and Local Development**

15. The Government has put greater emphasis on ensuring balanced regional and local (within Lao PDR) development. This is reflected by the 8<sup>th</sup> NSEDP's tailored targets and priorities for different regions. The aim is to develop regions and provinces based on their unique characteristics and to prioritize development in areas that have lagged behind. In the coming period, focus will continue on the construction and maintenance of rural roads along with increasing agricultural output and productivity, including support for commercialization and increasing stable income possibilities for rural communities. All efforts will continue to account for specific geographical differences and advantages.

16. The Government has always been focusing on rural infrastructure, particularly on roads, in order to ensure market accessibility for rural communities so vital for income generation and poverty reduction. This is in line with the Government's efforts at

prioritizing market access to remote areas, including quality of the access to services (combining good infrastructure with good governance and service delivery). This is crucial as the means for development of commercialization and for the realization of stable income earning possibilities for rural communities, which in turn, contributes to poverty reduction. So far, the construction of rural roads (especially Farm-To-Market Roads) has been happening in many parts of the country to link market connection with the rural population. Accompanying this, a priority has also been on maintenance of roads that connect rural production to markets, with special focus on border markets.

17. In term of linking Lao PDR with regional countries, some of key focuses of the Government during the implementation of the 8<sup>th</sup> NSEDP include: i) simplifying procedures on freight transportation from Vientiane to Bangkok (Factory-To-Port Container Movement); ii) developing a consolidation service for small freight shipments; iii) establishing an Inland Container Depot (ICD)/Dry Port near the border where the shipping lines could deliver loaded containers and receive cargo for loading into empty containers; iv) providing capacity building programs for the logistics industry through cooperation with international organizations and neighboring countries in order to improve the logistic services of domestic forwarding companies; v) monitoring clearance times and productivity at the border crossings in order to ensure the smooth movement of transportation; and vi) developing other modes of transportation such as the road-rail-road, all-rail or rail-road mode whichever is the cheaper. However, these variations all require considerable infrastructure investment. Hence, this is where coordinated regional development programs such as those within the ASEAN and GMS region are paramount.

#### **Output 5 – Improved Public/Private Labour Force Capacity**

18. Creating a diverse, well-trained, and highly-skilled labour force is an essential piece of the Government's ambitions and accelerating progress in providing job opportunities in targeted sectors will be prioritized over the coming period. Employment generation remains off-track to reach several NSEDP targets and there are shortages of trained professionals for key sectors and limited on-the-job training opportunities. Despite significant efforts, the quality of TVET programs also still varies and the relevance of the curriculum to the job market is often limited. The overarching aim of the Government's approach over the coming period will be to develop the human resources necessary to drive sustainable development and compete with ASEAN countries and others.

19. To maintain a low unemployment rate at around 2% and achieve various targets of the 8<sup>th</sup> NSEDP on labour force capacity, the Government has focused its efforts in a number of key areas. Firstly, the Government has been working with national and provincial authorities to improve regulations and mechanisms that ensure compliance with revised labour laws and upgrade the capacity of responsible provincial and district staff to ensure effective implementation of these laws. The new law was the result of extensive discussions between the various Lao authorities, private sector entities and development organisations, and introduces a number of changes to the basic rules of employment in Lao PDR, including the employment of foreign workers. Secondly, improved focus towards high-quality labor market information which is essential for facilitating employment shifts and promoting employment growth across and within sectors. In order for employment services to be effective in helping to reduce gaps between labor supply and demand, good-quality labor market information is needed to identify the emerging employment opportunities for workers and the skills that are in demand so that training programs can be designed and tailored accordingly. Thirdly, the Government has also galvanized its efforts towards the effective operation of the Technical Vocational Education and Training (TVET) system. Vocational Training has a significant impact on both productivity and poverty reduction. Thus, technical and vocational education and training (TVET) is a priority area within the Government's Education Sector Development Framework. In this respect, the Government has developed a TVET strategy and master plan.

20. Moving forward for the remainder of the 8<sup>th</sup> NSEDP and beyond, this can include as priorities:

- Strengthening TVET and skills development coordination mechanism and programs to develop the human capital required to increase the ability of people to take on new opportunities, especially through partnerships with the private sector to match demand and supply of skills. National qualification of skills mechanism requires further strengthening.
- Improving the quality of education across different levels, including primary and secondary, non-formal, and higher. This includes teacher recruitment, training, and retention; curriculum review; and introducing assessments of student comprehension and mastery.
- Enhancing understanding of employment patterns in the country, including differences across demographic groups and geographical areas, as well as through continuing the systematic conduct of labour force surveys in order to monitor progress in labour force capacity.
- Implementing and enhancing linkages between key Government initiatives to help develop the labour force, including the National Human Resource Development Strategy (NHRDS) to 2025, the Law of Education, the TVET Development Plan 2016-2020, and the Higher Education Development Plan 2016-2020.
- Increasing collaboration between training institutions and private sector firms, such as through internship programs and on-the-job training.
- Exploring further the human capital training programs stipulated in international agreements with ASEAN and other countries.
- Increase access to information for potential migrants to support informed decision-making about going abroad for work.
- Develop regular migration channels that are less costly, time consuming and complex.
- Expand the services provided to migrant workers to assist with return and reintegration.
- Encourage the development of affordable and migrant-friendly remittance and banking services.

#### **Output 6 – Develop entrepreneurs, technical experts and professionals**

21. Promoting a culture of entrepreneurship and enhancing the enabling environment for SME development are key challenges for 8<sup>th</sup> NSEDP implementation. Efforts will also focus on supporting Lao PDR firms to better take advantage of the country's opening up and regional and global integration. While the Government has adopted important initiatives to support SMEs and business owners, many still lack access to business services, technology, and finance.

22. Progresses towards the targets of the 8<sup>th</sup> NSEDP in regard to furthering the development of technical experts and professionals is largely on track. At this stage, the Government has been working on a number of core skill strategies which are supportive of the transition to higher-value-added products and services in priority sectors. Over the course of the 8<sup>th</sup> NSEDP implementation period, an effort has also been on addressing talent mismatches in the economy through effectively shaping supply to meet demand-side forces. Currently, each province now has at least one vocational school and emphasis has now been placed on aligning local skills training programmes with economic and industrial policies and opportunities.

23. Moving forward for the remainder of the 8<sup>th</sup> NSEDP and beyond, support for developing entrepreneurs and stronger SMEs can include:

- Strengthening skills development initiatives to include business training and entrepreneurship development-related courses.
- Enhancing understanding of the limitations to entrepreneurial development and SME growth in Lao PDR, including through research and participatory consultations, and developing targeting responses to remove constraints and promoting a culture of entrepreneurship.
- Strengthening SME support service centers both from inside and outside government, such as the SME Service Centre at LNCCI.
- Reviewing and streamlining as appropriate systems and cost for registering and operating SMEs.
- Improving availability of SME finance and supporting efforts to increase access, including through non-bank financial products.
- Developing targeted support initiatives for SME accounting and financial management, including through provision of advisory services, training, and technology.
- Introducing measures to assist SMEs to take advantage of increased trade openness and new opportunities arising from WTO accession and AEC integration.

#### **Output 7 – Regional/International Cooperation and Integration**

24. The Government has identified deeper regional and international integration as an important means of promoting domestic socio-economic development. Development cooperation in Lao PDR is evolving towards greater and more diverse partnerships, especially through the Round Table Process and Sector Working Groups. Lao PDR's development priorities will also be supported by further regional integration through initiatives such as the ASEAN Economic Community (AEC), Greater Mekong Sub-region (GMS), and Lower Mekong Initiative (LMI). Support for increasing international trade, meanwhile, will continue to focus on developing linkages for increasing access to markets, strengthening the design and enforcement of legal frameworks to facilitate trade, and building the capacity of domestic firms to compete globally.

25. Over the remainder of the 8th NSEDP period and beyond, the Government of Lao PDR aims to prioritize:

- Strengthening the necessary linkages to support better access to markets and more efficient trade, including prioritizing suitable infrastructure (e.g., energy and telecommunications) and transport linkages (e.g., road, rail, and water).
- Strengthening the design and enforcement of legal frameworks and procedures to help facilitate trade, including the commitments related to AEC and WTO membership. This includes reducing import tariffs to zero on goods imported from other ASEAN countries and continuing efforts to remove NTBs, such as by simplifying and harmonizing customs procedures and standards.
- Strengthening the capacity of domestic industries and firms to develop and trade products that are internationally competitive and demanded by regional and global markets (e.g., integration of SMEs into global value chains, and the development of a skilled labour force).
- Speeding up implementation of the Trade Facilitation Roadmap covering 2017-2020 that lays out a path towards more deeply integrating Lao PDR into international trade.

- Continuing to explore bilateral trade-related arrangements in addition to regional and global agreements.
- Continuing structural reforms related to the regulatory and business environment, such as through increased transparency and streamlining procedures to help lower transactions costs.
- Prioritizing institutional and human resource development support from development partners to enhance self-sufficiency, including assistance from multilateral partners that target LDCs.
- Making use of concessional financing arrangements with development partners and adopting prudent approaches to non-concessional borrowing to ensure debt sustainability—both before and after LDC graduation.
- Adapting as necessary the Round Table Meeting mechanism to strengthen effective development partnerships, including by enhancing the contribution of the private sector, shifting the development dialogue further into discussion and agreement on implementation mechanisms, and strengthening monitoring of commitments in the context of the VDCAP II.
- Strengthening analysis of different regional integration programs in the Lao PDR to better develop comprehensive strategies for maximizing the benefits of a regional approach at the national level.

**Outcome 2 - Human resources are developed and the capacities of the public and private sectors are upgraded; poverty in all ethnic groups is reduced, all ethnic groups and both genders have access to quality education and health services; the unique culture of the nation is protected and consolidated; political stability, social peace and order, justice and transparency are maintained**

**Output 1 – Improved Living Standards through Poverty Reduction Using the 3-Builds Directions**

26. Poverty in Lao PDR has been declining over the past few decades and improvements in various socio-economic indicators show that living standards have been improving. A few key drivers have contributed to the poverty reduction in Lao PDR. These include: the agriculture sector provides work for more than 60% of the labour force at the start of the 8<sup>th</sup> NSEDP, an increase in education attainment, growth in services such as trade and tourism and manufacturing and the implementation of the 3 Builds Directions, better connectivity in rural areas has given rural communities greater access to services and income generating activities.

27. In particular, the rural development has made good progress. Judged by income and access to basic services, over 11,000 families no longer fall into the “poor” category. Over the same period, public investments in rural development and poverty eradication amounted to LAK 3,469.51 billion from the Nayobai Bank (71%), domestic funds (16%), and foreign sources (13%). Efforts to reduce UXO casualties and clear contaminated land have also seen steady progress with effective risk education and a new results-focused methodology for identifying and clearing confirmed contaminated areas. The main challenges are persistent disparities, increased inequality, and the lack of resources and clearance capacity to deal with the scale and impact of the UXO problem.

28. To address critical constraints to reducing poverty and inequality in rural areas, the Government has been pursuing three priorities: i) in seeking to improve productivity in rural areas by promoting greater growth in agricultural income, ii) on creating better

economic opportunities for both the poor and non-poor, and iii) on strengthening the social protection system and increasing resilience in agriculture; strengthening social insurance (health insurance); putting in place social welfare programs and deepening financial inclusion (options available to cope with shocks).

29. Moving forward, the Government is prioritizing the following strategies:

***Poverty alleviation***

- Targeting the poor in planning, budgeting, and programme delivery through appropriate targeting below the district level, and with different sectors working in a coordinated and convergent approach
- Accelerating interventions such as providing poor communities with access to services, education, and support to livelihoods, all of which are known determinants of poverty levels
- Using innovative means to reach and educate communities in remote areas, such as the community radio programmes in Xieng Khouang, Sekong, Oudomxay and other provinces and relevant districts, which have been able to reach vulnerable groups, especially women and girls, with radio installed in mobile phones
- Strengthening social protection systems to cover vulnerable groups and widen the scope of social protection schemes, including through the implementation of the National Social Protection Strategy
- Tapping into domestic capital, through public-private partnerships in local economic development, and incentives for investments that do their sourcing from local firms and workers.

***Lives safe from UXO:***

- Strengthening national capacity for coordination and efficiency
- Ensuring the quality of operational data in the national database, in order to enable proper data analysis and a more robust evidence-based reporting
- Developing policy and procedures to “main-stream” UXO survivors into health, education and employment services
- Assisting line ministries to incorporate UXO in their planning and budgeting
- Developing a comprehensive funding mobilization strategy to expand beyond traditional donors
- Continuing to strengthen the capacity of the Lao Army in humanitarian mine action and identifying and promoting emerging technologies to improve the performance and efficiency of operations.

**Output 2 – Food Security Ensured and Malnutrition Reduced**

30. Addressing Food and Nutrition Security issues in Lao PDR has been moving towards better multi-sectoral coordination and stronger linkage among different forums for some time now. As a result, Lao PDR had achieved the MDG target of halving the proportion of hungry people, one of the LDC/HAI indicators. Farm production met or exceeded the national per-capita food production targets in 2018, even with flooding and a major pest infestation, while irrigation schemes were enhanced to make agriculture less rainfall-dependent. The past two years saw nutrition-sensitive agriculture service delivery in 81 districts, and multi-sector efforts to support consumption of more diverse foods. Yet threats to food security persist from soil degradation, land pressure from population, and

large-scale investment projects. The rapid commercialization of agriculture poses threats to local food security and nutrition strategies.

31. Stunting among children under age five decreased to 33 percent in 2017 from 44 percent in 2012. However, wasting among children in the same age group has increased, and altogether Lao PDR is still off-track on the target of reducing undernutrition. Poor infant and young child feeding practices, poor maternal nutrition, high adolescent birth rates and poor sanitation and hygiene practices, including open defecation, remain a challenge. The slow uptake of the recommended strategy on “convergence” on agreed-upon communities is also proving to be a challenge.

32. To help address these key issues, the concerned ministries undertook a mid-term review of the National Nutrition Plan of Action in 2018 and early 2019. This review looks closely at the main challenges and apply the lessons learned. Based on this review, the Government of Lao PDR is prioritizing the following strategies:

- Balancing the support to commercialization of agriculture with the support to food security and access to nutritious foods for all communities. This is discussed in the previous section on Challenges. It is also reflected in the Eighth Five-Year Agriculture and Forestry Development Plan (2016-2020).
- Continuing support to farmer organizations, rural finance, and insurance mechanisms as a way to improve productivity, equity, and resilience through modernization. This is reflected within the Agriculture Development Strategy to 2025 and Vision to 2030, and within the Eighth NSEDP’s Outcome 1, Output 1, which calls for sustained and inclusive economic growth.
- Revisiting the Government’s Green Growth Strategy to include major themes within the agriculture sectors’ policy documents, such as improving access to nutritious foods for all communities, supporting equitable access to markets, finance, and risk management for all farming communities, and improving the equity of commercialization through farmer organizations and other market governance mechanisms. The Government’s Green Growth Strategy does not currently reflect the two main priorities under (i) and (ii).
- Adjusting the monitoring and evaluation indicators for the Green Growth Strategy to reflect the changes made.
- Accelerating the implementation of the National Nutrition Strategy to 2025 and Plan of Action 2016-2020 through better targeting and convergence on high-risk districts, and promoting behavior change interventions. The increased and high rates of wasting are a particular concern, and call for urgent review and actions.
- Strengthening efforts to engage the water and sanitation sector and increase focus on ending open defecation and improving access to improved water sources
- Strengthening service delivery to the most deprived, using participatory strategies, such as empowering village health volunteers, the Lao Womens Union, farmer groups, and village extension workers with the required knowledge and support. The goals for health and nutrition will only be met if there are human resources such as community health workers below health center level to support caregivers and families.
- Building the capacity of institutions and universities to produce trained, skilled nutrition professionals.
- Strengthening the legal framework for the protection, promotion, and support of breastfeeding.

### **Output 3 – Universal Access to High Quality Education**

33. Over the years during the course of the 8<sup>th</sup> NSEDP implementation, the Government continues its efforts to translate the overall priorities for the education sector into actions: (i) consolidate and deepen the analysis of data on education (e.g., disaggregated analysis of enrolment, dropout, etc.) and the linkages between education, employment and other socioeconomic dimensions to guide evidence-based planning; (ii) improve the efficiency of teacher deployment and placement; and (iii) develop a strategy to allocate the non-wage budget allocation, with priority to addressing key challenges.

34. As a result, progresses have been made in various areas as highlighted in the 8<sup>th</sup> NSEDP mid-term review and the 2018 SDG VNR. However, challenges remain in certain aspects of education sector reform. For instance, although universal access for primary education has largely been achieved, completion rates continue to lag, and grade 1 dropout and repetition rates continue to be high, contributing to relatively low cohort completion rates. Access rates are on the rise for lower secondary education and the gross enrolment ratio has nearly achieved the 2020 target for lower secondary. Infrastructure development have helped more children to have access to lower secondary education. While several efforts have been made to improve teacher quality and the quality of teaching, learning outcomes remain inadequate. Among 15-24-year olds, literacy rates for men and women have improved but the difference between male and female has barely narrowed. Post-secondary education graduates enter the workforce with inadequate problem-solving skills, little critical thinking, and lack of vocational skills. The continuing inequities in education access, survival, and outcomes pose challenges. Other challenges include shortages of qualified teachers (limited by the reduced number of civil service positions), poor deployment of teachers, and shortfalls in budget allocation for the education sector in the last few years.

35. Moving forward, some specific priorities are set out below.

- Out-of-school children: EMIS data needs to be reconciled with other data sets, including the international Out-of-School-Children Study and the 2015 population census, to obtain better data on out-of-school children. Data is lacking on children with disabilities, both in and out of school.
- Learning outcomes: a significant increase in operating budgets is required at district level, together with further upgrading of pedagogical advisers, to better support teachers.
- Teacher supply and quality: All new secondary teachers are expected to be able to teach at least two subjects. A strategy needs to be implemented to improve the efficiency of teacher deployment, reduce the number of volunteer teachers, and allow recruitment of new qualified graduates. A priority for utilizing the new civil-service quotas is to recruit specialist secondary teachers in mathematics, science, and information technology.
- Financial and human resources for education: The shortfall in budget allocation for the education sector in the last few years will need to be reversed. At the same time, the Government will need to reprioritize education sector interventions to make sure limited resources are used to address most critical needs. To this end, the priorities are to (a) strengthen linkages between planning and budgeting, (b) increase the operational budget at provincial and district levels and allocate it more equitably, with increased allocations for pedagogical advisers and school monitoring, and (c) strengthen and modernize the planning and budgeting capacity and the accounting capacity of MoES. At the same time, teacher deployment efficiency needs to be significantly improved
- Numbers and quality of basic education graduates: Increasing transition rates into and completion rates within lower and upper secondary education are essential. Improving

the quality of post-basic graduates will require improving the basic skills and knowledge provided by primary and lower secondary education, and equipping young people with the skills to function in a modern and diversifying economy. A minimum set of competencies should be outlined as the prerequisite for entry into TVET programmes.

- Literacy: Improving the completion rates for lower secondary education will be crucial. Equivalence programmes for youth literacy and for continuous education need to be strengthened and expanded.
- Alignment of education with NSEDP needs: Improving fundamental competencies and skills of children from early childhood education to lower secondary will be necessary, rather than focusing only on improving TVET and higher education. Regular labour market surveys and tracer studies of graduates are needed. MoES needs to develop an overall human resource development plan for the education sector. The expanding contribution of the industry and service sectors to GDP also require improved quality of graduates from upper secondary schools, colleges and universities
- Education expenditure: The quality and efficiency of education spending needs to be developed, including: (a) improving the efficiency of teacher deployment; (b) strengthening the linkage between planning and budgeting; and (c) strengthening the coordination between central and local levels on financial data collection. Fiscal constraints will remain at least until 2020. Therefore, the sector needs to determine how to use its human and financial resources more efficiently while reducing disparities. Gender equity among administrative staff needs to be improved since few women hold senior positions at PESS, DESB, and school principal levels.
- Education financing: The priority will be to keep ongoing ‘protected’ programmes, such as school block grants and textbook replenishment. MoES has limited flexibility in the use of discretionary funds. The major space for reducing disparity is to improve the efficiency of teacher deployment. However, moving teachers from one location to another is very difficult in the Lao context. Both the Teacher Allocation Committee and the Planning and Budget Committee will examine the recommendations from the ESDP 2016-20 mid-term review to identify strategies to use human and financial allocations to reduce disparities. Consideration might be given to differential use of school block grants (larger grants to areas lagging behind), formula-based allocation of operational budgets to districts, and/or future DESB operating grants to target disadvantaged schools through use of an allocation formula designed to reduce disparities.
- Evidence-based policy: There is a need to establish a mechanism to consolidate and more fully analyze data from various sources on education and employment, and synthesize results and implications for policy developers and in a way that is accessible to non-research specialists. Support is needed to institutionalize this approach across all provinces. A mechanism to monitor sector performance effectively, particularly at the policy and strategy levels, is needed to enable government and development partners to assess progress towards revised 2020 targets. An efficient Sector Performance Assessment Framework is required that also monitors sub-national implementation of central policies and strategies.

#### **Output 4 – Universal Access to Quality Health Care Services**

36. The health sector has aligned its goals, targets and indicators to achieve LDC graduation by 2020, universal health coverage (UHC) by 2025, and the remaining SDGs by 2030. UHC is the highest priority of phase II of the Health Sector Reform, which has been integrated into the health sector development plan and monitoring framework. There are thus five priority areas to pave the way for UHC by 2025: (i) human resources for health,

(ii) health financing, (iii) governance, organization and management, (iv) service delivery and hospital management, and (v) health information systems.

37. During the first half of the 8<sup>th</sup> NSEDP implementation, achievements have been made in various areas of health sector reform whereas some challenges remain. For instance, maternal and child mortality have been significantly reduced but are still among the highest in the region. Health services coverage indicators show significant improvement over the past five years but remain low. The utilization of insecticide-treated bed-nets (ITNs) is on track. Treatment rate for TB remains high (around 87%), but TB detection needs to be urgently improved. Progress on HIV control and treatment scale-up is constrained by difficulties in reaching people living with HIV and their referral for treatment. Non-communicable diseases (NCD), which account for some 60% of all deaths in the country, are being addressed through an action plan that includes lifestyle changes to reduce risk factors. The access to improved water sources and sanitation facilities has increased but open defecation (23.9% in 2017/2018) remains a significant health risk. The past few years have seen increased government spending in the health sector to expand the coverage of basic health services and financial protection, and accelerate progress toward universal health coverage. The Ministry of Health is customizing a web-based open source system to replace the paper-based reporting system for health management information.

38. Building on achievements made during the past years and moving forward for the remaining 8<sup>th</sup> NSEDP period and looking into the 9<sup>th</sup> NSEDP, the Health Sector Development Plan review identified the following priorities:

- Improving staff capacity and performance, which will require continued strengthening of staff capacity to meet required standards at each level, institutional arrangements to ensure better staff deployment, and the implementation of incentive policies for staff, especially for those in remote areas.
- Improving health facilities, networks and referral systems by ensuring implementation of the “Five Goods, One Satisfaction” Policy (Good Reception, Cleanliness, Comfortability, Diagnosis, Treatment and Patient Satisfaction), in parallel with expanding the national health insurance system.
- Addressing the causes of maternal and child mortality and malnutrition through upgrading maternal and child health services, including referral systems, basic emergency obstetric and neonatal care (BEmONC) and comprehensive emergency obstetric and neonatal care (CEmONC) services, and preventing malnutrition through behavioural change communication interventions, especially in remote areas.
- Improving the quality of food and drug monitoring and analysis, including traditional drugs.
- Improving the health management information system and integrating the many systems into one to obtain robust and timely data for use in monitoring, planning, and improving the services at different levels.
- Strengthening health budget planning and management with priority to national health programmes/projects.
- Mobilizing resources, including private investment and ODA in health care.
- Enhancing programme/project management, especially effective monitoring, evaluation and reporting.
- Developing Health Strategy 2030

## **Output 5 – Improvement of and Access to Social Protection**

39. Significant steps have already been taken to achieve the goals of a national social protection. One of the key achievements in 2018 and 2019 is the finalization of the National Social Protection Strategy (NSPS), which has now been adopted by the Cabinet. Despite progress, however, access to social protection remains limited and welfare programs fragmented. Sufficient, predictable, and sustained investment will be required to improve the quality of and access to social protection. Resource mobilization and financial sustainability are the biggest challenges in implementing the NSPS.

40. Moving forward, priorities for the Government on social protection include:

- Implementation of the NSPS will be divided into two phases during 2018-2030. The first phase (Phrase I) will take place between 2018 and 2024. The on-going impact of the NSPS will be evaluated in 2024 (mid-term evaluation), before the preparation of the second phase (Phrase II) implementation plan, on the second half of 2024. Phase II will take place between 2025 and 2030.
- The implementation of the NSPS and the overall coordination of the implementing bodies (and with development partners) will fall under the responsibility of the National Social Protection Committee. The Committee will be established through Prime Ministerial Decree at the beginning of the NSPS implementation. An NSPS Secretariat will take the responsibility of monitoring NSPS implementation. Cooperation partners will form a crucial part of the NSPS implementation, for technical assistance, capacity building, budgetary support, monitoring of the implementation and evaluation of the results. The Lao Statistics Bureau and the National University of Laos are expected to provide inputs on the targeting of poor households to ensure efficient allocation of resources and maximize the impact of social protection interventions.
- A Management Information System on social protection is a priority. This will be essential in planning, coordinating, and supervising the implementation of the NSPS and the overall situation of social protection in the country. This system will also be of central importance in coordinating interventions decentralized to the provinces and districts.
- For the new decree on social relief for people living with disabilities to be effective, clear roles and responsibilities will need to be laid out in the implementation plan. Health care coverage should need to include rehabilitation services as well as assistive products for people with disability. In addition, the management information system of the NSPS will need to have data disaggregated by disability status, including UXO survivors, such that it is possible to conduct longitudinal tracking of cases.

#### **Output 6 – Protection of National Traditions and Cultures**

41. 8<sup>th</sup> NSEDP sets a number of targets to protect national traditions and cultures and a number of activities have been progressing in the right direction. For instance, currently, there are 810,620 cultural families (67.72% of total families across the country) and 5,144 model development villages (60.93% of all villages across the country). Many events, shows, festivals and seminars were held to promote Lao culture, tradition and arts, and to mobilize all citizens to play a more active role in all cultural fields. Preparations were made with the aim of proposing additional national protected areas and cultural heritage areas for inclusion in the list of UNESCO's World Heritage Sites. Despite measures to promote tourism, Lao PDR's tourism revenue remains low compared to other ASEAN countries. Most tourists tend to visit Laos only as a transit/secondary destination rather than as a primary destination.

#### **Output 7 – Maintain Political Stability, Social Peace, Order, Justice, and Transparency**

42. To help achieve this output, public education campaigns were conducted during the course of the 8<sup>th</sup> NSEDP to increase public awareness of social problems and urge citizens to take greater responsibility for addressing problems. Information on laws and their implementation was disseminated through various media channels. Juvenile justice reforms were accompanied by capacity building of law enforcement officers, social welfare staff and officials in the justice system.

43. Attention was given to mobilizing, improving coordination between authorities at all levels and concerned agencies in solving social drawbacks that happened within family and society through disseminating, encouraging mobilizing people to understand and follow the laws aiming at building strong family, village and towns. In addition, the project of friend-help-friend was implemented to prevent negative impacts on youths and to reduce school dropout rates, avoid using of illicit drugs, prevent accidents on the road and any actions that lead to violation of law.

44. The government including local authorities, security forces and mass organizations have boosted their efforts in organizing 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.

45. The Government is prioritizing the following strategies:

- Continue with public education on social problems and laws, giving priority to educating and mobilizing youth. This strategy will need to be linked up with the National Youth Policy being developed, since educating youth along will not work without addressing other issues that impede the development of their full potential.
- Continue strengthening and reforming the justice sector, with special attention to implementing reforms in the juvenile justice system to minimize the harm done to children from contact with the law. This will enable children who are in conflict with the law to recover and realize their full potential as productive members of Lao society.
- 

**Outcome 3 – Natural resources and the environment are effectively protected and utilized according to green-growth and sustainable principles; there is readiness to cope with natural disasters and the effects of climate change and for reconstruction following natural disasters**

### **Output 1 – Environmental Protection and Sustainable Natural Resources Management**

46. The direction that the Government is taking with the 8<sup>th</sup> NSEDP framework is to ensure continued quality, green and sustainable economic growth where development and natural resource management (of land, forests, biodiversity, mineral resources, water and wetlands) will need to be planned in a practical, sustainable, fair and most effective manner. As such, Lao PDR was the first ASEAN country to ratify the Paris Agreement on Climate Change by passing a national law on its Intended Nationally Determined Contribution. Since then, Lao PDR took several steps to improve the legislative and regulatory frameworks. These include, the updating and approval of the Water and Water Resources Law; approval of a new pesticides management decree; the adoption of the Law on Land;

guidelines for land use classification, communal land registration and titling; data collection for a Land Concession Inventory; the requirement for all concessions to conduct EIA assessments before implementation; and the Prime Minister's Order regarding prohibited wild fauna and flora.

47. The sector has made good progress in various areas of the 8<sup>th</sup> NSEDP as reported in the 8<sup>th</sup> NSEDP mid-term review, SDG VNR and IPoA assessment. The factors supporting the progress made include: (i) a larger sector working group for natural resources and environment at MoNRE, which has made task completion more effective and efficient; (ii) skilled officials at MoNRE Department of Planning and Cooperation and other MoNRE departments, which led to higher performance; (iii) the establishment of a new Department of Legislation, which has been instrumental in developing new policies more effectively and in a shorter time; (iv) the extension of bilateral cooperation and more effective bilateral work through detailed action plans and close follow-up; and (v) the development of the Department of Natural Resources and Environmental Policy for the more effective management of strategic environmental assessment (SEA) and Environmental and Social Impact Assessment (ESIA) processes. Partnerships with other Asian countries such as China, Singapore, and Thailand have also led to more bilateral agreements on environment, waste management and other issues.

48. Looking forward, the Government of Lao PDR is prioritizing the following strategies:

- Strengthening the governance of the natural resource sectors. Reversing deforestation and forest degradation, and reversing biodiversity loss are national priorities for Lao PDR. The capacity to manage forests needs to be strengthened, including for ensuring stronger oversight arrangements over salvage logging, enforcing the ban on illegal timber trade, combating poaching, and wildlife trafficking, and preventing illegal mining.
- Strengthening implementation of existing national policies and action plans relating to ecosystems and natural resources. These include the Eighth NSEDP 2016-2020, Vision 2030, National Climate Change Strategy (2010), Forestry Strategy to the Year 2020 of the Lao PDR (2005), Renewable Energy Development Strategy (2011), Sustainable Transport Development Strategy (2010), Climate Change Action Plan of Lao PDR for 2013-2020, National Adaptation Programme of Action (2009), the Second National Communication to the UNFCCC (2013) and the National REDD+ Strategy.
- Promoting private sector involvement and community benefit sharing. Projects affecting protection of forests are required to contribute funds for natural resource management. These include hydropower projects, which are required to contribute one percent of the total value of the sale of the electricity per annum. The Government has also established the Forest Resource Development Fund from various sources, which needs to be made financially sustainable. With support from development partners, the government will need to continue expanding existing initiatives, such as payment for environmental services and payment from preserving forests for carbon sequestration (e.g., REDD+).

## **Output 2 – Prepare to cope with the Disaster Risks and Impacts from Climate Change**

49. Lao PDR is exposed to a range of natural phenomena, including typhoons, floods, landslides, droughts, strong winds, locust outbreaks, as well as small scale earthquakes in the northern parts of the country. The country is seeing an increased frequency and intensity of extreme weather events, such as droughts and floods. The majority of floods occur in the central and southern parts of the country along the Mekong plain in 2018 and

2019. Therefore, in order to reduce the impact of these disasters on the population, it will require effective disaster preparedness and risk reduction. The floods, droughts and disasters in 2018 and 2019 show that existing early warning systems are not adequate and still need to be strengthened. To help address the issue, the Government is currently drafting a Disaster Prevention and Control Law as well as a Climate Change Decree. Both of these legal instruments should take into account the key lessons learnt and issues identified in the 2018 and 2019 floods and ensure legislation of relevant aspects of Disaster Risk Management (DRM).

50. A Post-Disaster Needs Assessment (PDNA) led by the Government was finalized and it provides a platform for the international community to assist in recovery and reconstruction. The resource needs for flood recovery in the short-, medium-, and long-term are considerable with the PDNA estimating the total recovery cost at 4,422.86 billion Lao kip (approximately US\$520 million). The needs are higher than damage and losses since they include, firstly, the application of a ‘Build Back Better’ approach to the reconstruction of damaged infrastructure; and, secondly, the costs associated with resumption of production, service delivery, and access to goods and services.

51. As the policy and strategy framework and institutional arrangements are translated into sector-specific plans, the various ministries will further identify the priorities for recovery under their mandates. These will be time-bound to indicate priorities in the short, medium and long term. The aggregate needs identified in the PDNA will be broken down into ministry-specific projects and activities with funding requirements over a given timeframe with corresponding level of urgency. Breaking down the aggregate needs into individual activities or projects will assist in the following:

- Filtering out which among the identified needs are most urgent. Not all the indicated needs are urgently required for immediate implementation, thus, the Government (through MPI/MLSW) can further evaluate and prioritize the needs of various ministries.
- Enabling the Government to analyze the potential socio-economic impacts. The additional costs of recovery over time and their impacts on socio-economic targets of the 8<sup>th</sup> NSEDP (such as public expenditure, GDP, budget deficits, tax revenues, balance of payments, the overall public debt management as well as poverty, welfare, employment, incomes and other social indicators) can be analyzed if aggregate needs are broken down into specific activities.

### **Output 3 – Reducing the Instability of Agricultural Production caused by Disaster Impact**

52. Lao PDR has developed and implemented a number of policies and strategies to ensure national food self-sufficiency and stable agricultural production. These include the Agriculture Development Strategy to 2015 and Vision to 2030, the National Rice Production for National Food Security Strategy, Development Strategy of the Crop Section 2025 and Vision 2030. Some others also include the promotion of climate-resilient agricultural practices, an Agriculture Innovation System to promote sustainable production for niche markets, the development of technological capacities, storage and warehouses to ensure food security, and a risk reduction fund to help alleviate the burdens of production costs for farmers during agricultural product price fluctuations.

53. On-going work has been carried out in 2019 to support the Government’s efforts to reduce the instability of agriculture production which will in turn ensure sustainable development and foster stable and continued economic growth. At this stage, the Government together with various stakeholders at all levels has managed to update and incorporate disaster management, prevention and a control plan into the agriculture

development strategy and its main programmes. Discussions over recent years have contributed to the creation of guidelines for better integrating work on climate change, disaster risk reduction and mitigation of GHG efforts, and to including them within the strategies and operational plans of the agriculture, forest, public works and transport sectors.

54. Moving forward, a number of initiatives within the context of the 8<sup>th</sup> NSEDP prevail for the purpose of being more proactive with regard to the management of economic and natural risks. Among other targets, the Government plans to: expand modern and effective agricultural production by applying advanced science and technology into primary production; provide production and technical services by promoting their use, researching rice and plant seeds and animal breeds, and experimenting with new technologies to upgrade productivity; build rice storage/warehouses to ensure food security in the event of natural disasters, food crisis etc; and establishing a risk reduction fund to help alleviate the burdens of production costs for farmers during agricultural product price fluctuations.

55. Private sector investments. Realizing quality private sector investment for agriculture is a priority. Dialogue has taken place on improving the quality of private sector investment to align this with national goals, specifically in the areas of contract farming, agro-biodiversity, pesticide use, and mono cropping. Some civil society members of the Sector Working Group have published *Voluntary Commitments for Responsible Agribusiness in Lao PDR*, following 2016 OECD-FAO guidance.

56. Investing in skills. Young people involved in agriculture need to be provided with greater opportunities for learning and applying advanced skills. This is the key to addressing rural to urban migration and promoting advanced technologies and modernization of agriculture in rural areas.

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

57. The Government has taken measures to further facilitate the decentralization process (Sam Sang or Three Builds), which was officially extended nationwide to all 148 districts. This includes an integrated approach to planning, finance and sub-national administration improvements, which underpin better service delivery to local citizens, and the use of the District Development Fund to strengthen districts' own capacity in NSEDP/SDG implementation. The Ministry of Home Affairs conducted assessments of the Government's organizational structure and functions at each level, which led to changes to improve the efficiency and effectiveness of government.

58. In term of legal sector, Lao PDR has introduced important changes following a Constitutional amendment and new/revised laws promulgated in 2016. The codifying of criminal and civil laws marked a critical juncture in the legal sector evolution. A legal aid decree was informed by a citizens' survey led by the Ministry of Justice, the first in the justice sector. This set a positive trend in recognizing the need to have reliable and current data to draft pragmatic laws. Lao PDR has initiated a successful anti-corruption campaign and is witnessing a new level of transparency. The Government recognizes the importance of increased engagement of civil society in the country's socio-economic development process. Some 152 NPAs and 11 Foundations are officially registered. A revised NPA decree (No. 238) was approved.

59. Moving forward, priorities are:

- On legal and administrative frameworks, an effective and efficient process needs to be developed for rapid and consistent application of new laws / regulations and compliance with national policies, legal rights, and duties. On administrative reform, a formal recourse or appeal mechanism is required for citizens versus inadequate administrative practices. The low level of domestic revenue collection restricts the budgets available for line ministries to implement their roles and responsibilities. Continued efforts are needed to strengthen public financial management, with support to MoF, State Audit Office, and National Assembly on their budget oversight capacity.
- Decentralization process. Administrative decentralization will need to be linked with fiscal decentralization. The Sam Sang process requires enhanced fiscal relations and simple, effective financial management processes between the national government and local administrations.
- Organizational restructuring will continue to be a priority. Accordingly, efforts will continue to encourage ministries and governmental organizations to improve their organizational structure relevant to their roles and responsibility especially at department level, according to the Prime Ministerial Decree No. 03/PM and to revise job descriptions, for example, through a gap analysis. Appropriate structures will be developed for provincial and district levels, more in line with their respective mandates and functions.
- Continued Sam Sang implementation. An action plan and indicative budget scenarios should be developed for roll out / implementation of relevant aspects of Sam Sang. The positive lessons in relation to DDF have been learned and are being applied, including a simple and effective public expenditure framework, a model for blended financing of local services (co-financing from multiple sources), applied capacity development in support of Sam Sang implementation, an effective model for budget assignment system to districts, and the further development of an accountability mechanism for local citizens based on citizen surveys.

- Civil service management. Improvements to the civil service will continue at central and local level by implementing the law on civil servants and by developing bylaws and instructions such as decrees on job description, code of conduct, and the manual for civil service management. The draft strategy on civil servant development 2016-2025 will be completed and implemented. The curriculum/training programme for civil servants will continue to be developed and implemented.
- Enhancing legal capacity is important and it will be done by: strengthening legal capacity and ethics amongst lawyers and establishing an accountable mechanism to ensure unbiased judgements; enhancing collaboration with stakeholders (Government agencies, development partners, international non-governmental organizations (INGOs) and civil society organizations) in the implementation and monitoring of the legal sector action plan; reviewing the Legal Sector Master Plan and propose amendments aligned with the current trend of the development of the rule of law;; organizing a National Forum on the Rule of Law for deepened understanding and awareness among stakeholders; aligning the Rule of Law with international standards (e.g. International Law on Treaties); taking a systematic approach to address anti-corruption; continuing to strengthen the judicial system, including consideration of the establishment of Administrative Chapter within the court system and developing the administrative code;; developing an amendment to the law on judgment enforcement in 2019; systematically developing an insolvency mechanism to improve the business environment, and combatting trans-national crime and strengthening the criminal justice system.
- Last but not least, a priority will be to strengthen the capacities of the National Assembly and the PPAs, and ensure budget support for these institutions. Since PPAs have an independent role and oversight over the Executive, clearer separation of PPAs from the Executive will be needed and this requires a shift away from the dependence on the Executive for office, budget, and other functions. The public and the private sector will need on-going education on the mandate, roles, and responsibilities of PPAs. The system for the resolution of complaints should be formalized, with reporting back requirements to the National Assembly and PPAs by the Executive. The NPA decree will need to be disseminated further..

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

60. The Government has reorganized and developed science-related undertaking by allocating budget for scientific research amounting to 1% of the total national annual budget to conduct research on how science can better support and advance social-economic development in Lao PDR. At the same time, legislative and policy actions have been enacted to improve scientific innovation, including the Law on Intellectual Property and associated implementation of trademarks, copyrights, and industrial patents. The Law on Science and Technology has been developed and presented to the National Assembly. The Ministry of Science and Technology is supporting the application of ICT and other technologies in a number of areas, such as agriculture, inter-ministerial coordination, and health. South-South Cooperation and cooperation programmes with development partners are supporting several science and technology initiatives.

61. For the remaining period of 8<sup>th</sup> NSEDP and for the 9<sup>th</sup> NSEDP, the Government aims to enhance technological capabilities, including innovation, as key for sustained growth through fostering structural economic transformation and building productive capacities. This will be carried out by improving linkages between and among firms and sectors as well as promoting science, technology, and innovation systems, including R&D centers. Supportive policies and incentives need to be put in place to ensure that FDI brings

with it not only capital and machinery but knowledge, skills and modern management techniques as well as technological benefits and technology transfers. Lao PDR could also learn from other countries, such as setting up an innovation and knowledge hub to foster IT and non-IT based innovative thinking to address issues and solve problems.

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

62. According to the 8<sup>th</sup> NSEDP mid-term review and the SDG VNR, gender parity has steadily improved in education in Lao PDR. The country is well on track to achieve parity between boys and girls in primary education. Progress is also seen at higher levels of education, although there is a significant gender gap in literacy that is generally associated with poverty.

63. At the decision-making level, Lao PDR has amongst the highest proportions of women in national parliaments in the region. In the civil service, the proportion of women among the top civil servants in administrative position type 1 has decreased from 19 percent in 2015 to 12.3 percent in 2017. Overall, from the Deputy Head of Sector level up, women account for 31 percent, but mainly occupy the lower positions. The proportion of women in other decision-making institutions is still low.

64. In term of employment, sectors characterized by vulnerable employment have the greatest proportion of women, either self-employed or engaged in unpaid work for the family. The vulnerability of women workers is due to poor education, and limited access to resources and employment. The most prevalent form of gender discrimination in labour markets is the wage gap between male and female workers.

65. Changes in institutional setups took place in 2017. The LWU stated that their responsibilities were to upgrade knowledge to improve the implementation of socio-economic development and poverty reduction, contribute to the achievement of the gender-related SDGs in Lao PDR, and promote gender equality, especially within the family structure. The Lao National Commission for the Advancement of Women, Mothers and Children (NCAWMC) has been merged with LWU since 2017.

66. In term of youth policy, more than half of the population are under the age of 25 years. To benefit from the demographic dividend to the economy, the Government is prioritizing the enhancement of skills and knowledge among youth. The first ever National Adolescent and Youth Policy is being developed through a consultative process under the leadership of Lao Youth Union. The process involves a series of consultations with adolescents and young people, the relevant line ministries, and other stakeholders. The policy aims to empower all adolescents and youth in Lao PDR, including those with disability, to lead safe, healthy, and productive lives and realize their potential through equitable opportunities and a supportive environment. The youth policy, expected to be endorsed by the Government, will help in developing and implementing programmes and strategies to address the various challenges facing Lao youth and adolescents.

67. The Government of Lao PDR is prioritizing the following strategies for gender:

- Improving the implementation, enforcement, and monitoring of national gender equality laws, policies, and instruments. These include (a) the existing family law, which does not allow marriage before the age of consent; (b) the 2016-2020 Women's Development Plan, (c) the National Gender Equality Development Plan; (d) the Second National Strategy on Gender Equality (2016-2025), (e) the National Law on Preventing and Combatting Violence against Women and Children, (f) the National Action Plan on Eliminating Violence against Women and Children, and (g) CEDAW.

- Strengthening national capacity to generate gender statistics and enable gender-sensitive planning. Directives and Notifications have been issued by the Prime Minister's Office (In May 2000 and January 2005) on the inclusion of sex-disaggregated statistics in policy and planning, on gender-sensitive development programs/projects, and on the implementation of sex-disaggregated statistics by all sectors. Disaggregation of data by sex and age has improved, although this is still inconsistent. Moreover, many areas such as employment, migration, incomes, disability, domestic violence, ethnicity, and residence need robust gender statistics. Data on violence against women and girls need to be regularly collected and monitored with due consideration of the principles to ensure women's safety and confidentiality.
- Developing measures to combat violence against women. Appropriate detection, response, and protection mechanisms are required as well as strengthened institutional capacities. A strong coordinating body and a clear referral system within and across the sectors are also required.
- Harnessing the full potential of Lao women's participation in the market economy as entrepreneurs, employees, and consumers. Appropriate strategies and policies to reduce the gender equality gap in employment will need to be further developed, such as specific support to women SME owners, and to the expansion of vocational training and counselling centers for women.

68. For youth, the Government is prioritizing the following strategies:

- Addressing the issues that prevent adolescent girls from reaching their full potential. A focus on the adolescent girl will help to accelerate progress towards all SDGs, and in particular SDGs 2, 3, 4, 5 and 8.
- Accelerating the progress towards targets for youth on literacy and employable skills, including the use of ICT. To this end, the MoES is expanding programmes on TVET, and enhancing the national base of fundamental competencies and skills among children and young people. More participation from the private sector will be needed.

69. In term of enhancing capacities of law enforcement authorities to organized crime, in light of the on-going regional integration processes. The Ministry of Public Security have taken an active part in several regional cooperation forums. At the same time, there are other actions taken in recent years, for instance,

- Border Liaison Offices and Container Control have been further enhanced through several capacity building measures implemented in 2019 for 15 existing BLOs. 7 potential new locations have been identified for an expansion. A Container Control Unit has been established in Thanaleng port on the Thai-Lao friendship bridge near Vientiane.
- Enhanced forensic capacities. The first Digital Forensics Laboratory in Laos was opened.
- Capacity building measures for Law Enforcement: a number of development partners have supported capacity building measures for law enforcement.
- Money Laundering: Both drug crime and other forms of organized crime are facilitated by Money Laundering. In this regard, a number of development partners have been and currently providing support to build capacities for AML and support to to the Institute for Legal and Technical Assistance for capacity building measures to help Lao police and judicial authorities to disrupt and prosecute transnational organized crime, particularly money laundering.

70. In addition, opium cultivation in Laos is strongly linked to rural poverty and inequality. The Sector Working Group therefore focuses on introducing sustainable development models for poor, opium growing communities. Important progress has been made through an Alternative Development Project in Huapanh province. Currently, 381 families have introduced coffee as a livelihoods alternative, and are in the process of establishing a farmers' cooperative. The first General Assembly meeting of the cooperative is scheduled for November 2019, and the first minor coffee harvest is also expected in 2019/2020. In term of Amphetamine-Type Stimulants (ATS), who are considered the primary drug of concern in regards to drug use in Lao PDR, important progress has been made on enhancing availability of evidence based treatment, through the establishment of Community Based Treatment Centers. Currently, 28 Community Based Treatment Centers have been established in different provinces.

71. Looking ahead, priorities are:

- Enhanced regional transport infrastructure and connectivity following the establishment of the ASEAN Economic Community which has increased the challenges for Lao authorities in combatting organized crime. Southeast Asia's public security agencies have not kept pace with regional economic integration. ASEAN governments have invested heavily in infrastructure (for example the Kunming to Vientiane railway in Laos) and ambitious cross-border trade pacts, but they have not made parallel investments in public security.
- Poverty remains the key driving factor for opium cultivation, and opium continues to be grown by poor and remote communities in the northern upland areas. Further Alternative Development interventions are needed.
- A marked increase in the production and trafficking of Amphetamine-Type stimulants has taken place in the region over the past years. This increased availability also leads to increased use and increased demand for evidence based treatment.

## **2.2 Localisation of the Sustainable Development Goals (SDGs) – Post Voluntary National Review Report (2018)**

72. SDG Localization: Lao PDR has come out with its list of SDGs localized indicators which are agreed in principle by all the line ministries. As of 6 June 2019, there are 238 indicators. Of them, there are 102 same as global, 60 adapted from global and 76 are the additional ones. Of them, there are 136 in the Tier I; 78 in Tier II and 43 in Tier III. Of which, 71 SDG indicators are already mainstreamed into the 8<sup>th</sup> NSEDP. On this note, we expect to continue to mainstream as many as possible of the localized SDG indicators in the 9<sup>th</sup> NSEDP and 10<sup>th</sup> NSEDP as well as national and sectoral strategies.

73. SDG awareness raising efforts: Lao PDR has come up with its SDG Communications Action Plan and localized communications tools to raise awareness on SDGs to all the stakeholders in a holistic fashion. Low level of SDG awareness among the general public, as pointed out in the Voluntary National Review submitted in 2018, is still proven to be challenging for the country. Therefore, with the SDG Communications Action Plan and along with the existing works on SDG awareness raising efforts, we hope that we can continue to increase the level of SDG awareness to the highest level possible, which is the foundation for quality engagement and inclusive development in the spirit of leaving no one behind.

74. SDG Stakeholder Engagement: the Lao Government, in collaboration with the UN agencies, organized SDG Stakeholder Engagement workshops to sensitize the participants on the importance of stakeholder engagement to the implementation of SDGs. Through these workshops, we have identified a few champions among the government agencies to

further conduct similar workshops to relevant stakeholders to ensure the sustainability of capacity building and utilization of internal resources to the greatest extent possible.

75. **SDG policy coherence and coordination:** At the global and regional level, the National SDG Secretariat took part in SDG related conferences to ensure the SDG implementation in Lao PDR is in line with the essence of the 2030 Agenda for Sustainable Development. At the national level, there are quarterly meetings among the SDG focal points. These meetings serve as a platform for SDG sharing on the best practices and challenges faced by each ministry. The information gathered from these meetings is taken for consideration to improve on the policy coherence and ensure smooth coordination within and between ministries. At the local level, some ministries have conducted capacity training to local governments ensure the smooth coordination of SDG implementation and data reporting.

76. **SDG Statistics:** Harmonizing the administrative and national data to support the implementation of SDG is still proven to be challenging, especially on the data disaggregation. On this note, LSB is in the process of performing data mapping on all the localized SDG indicators so that moving forward we can allocate resources effectively to support data mining processes to achieve the highest data quality. LSB has also worked closely with UNDESA and other DPs to source for funding and support to accelerate this process.

77. **Some key challenges of the SDG localization include:**

- **Rotation of Officials:** Rotation of officials working on the localization of SDG indicators in each line ministries is frequent and this leads to knowledge gap and lack of continuity on the SDG implementation. On this note, the consultation between the National SDG Secretariat with the SDG focal points and relevant officials in the line ministries does not seem to leapfrog; and regress at times.
- **Roles of SDGi Owners:** The roles of SDG Implementation Owners (SDGi Owners) are still not clear; hence leading to different interpretations by different ministries. On this note, many of the SDGi owners have not fully understood the contents of the metadata and have not performed the mapping-out process of the stakeholders relevant to the implementation of the SDG indicators.
- **Level of Understanding of SDG:** The understanding level of SDG indicators, especially the metadata, and their linkages to the broader context of the Agenda 2030 for Sustainable Development is still low among many SDG focal points, let alone the officials across line ministries in both central and local governments. Many of the line ministries still believe that there should be separate funding to support the implementation of SDGs despite making this point clear in many rounds of the SDG focal meetings that the implementation of SDGs should be seen as an integrated part of the work; hence no additional funding for it.
- **SDG Awareness:** Despite the efforts by the National SDG Secretariat and the SDG focal points, the awareness level of SDGs is still low across the board, including central and local governments. Down to the grassroots levels, this is even more challenging.
- **SDG Planning and Mainstreaming:** The capacity of the line ministries to plan and mainstream SDG indicators into their sectoral plans is still low; hence let alone setting clear targets for 2030. Without the baseline and target values, it is impossible to achieve a comprehensive M&E analysis.
- **Statistics Departments:** Many line ministries still do not have a dedicated statistics department to support the data for both internal and SDG works in accordance with the Statistics Law and Statistics Strategy approved in 2017. For this, it is challenging to

harmonize between the administrative and national data. For ministries with the dedicated statistics department, many still do not have the resources to put in place mechanism to collect data supporting the requirements of SDGs, especially the SDG indicators that are same as the global ones.

- Statistics: There are too many indicators, both SDG and non-SDG. Hence, it confuses the statistics data and the LSB does not have resources to support all the indicators.
- IT infrastructure: There is no IT system and platform to support the data gathering as well as coordination with line ministries to feed administrative data to the central data base so that all the data sources can be harmonized in line with data transmission protocol. With this system in place, SDG data portal can be developed to support the statistical needs of the country.

78. Looking forward, The National SDG Secretariat will continue to localize the SDG indicators through mainstreaming them in the 9<sup>th</sup> NSEDP in sync with the national priorities and encouraging the sectors to integrate them into their relevant strategies and action plans as part of the day-to-day work.

- SDG Awareness Raising Efforts: The National SDG Secretariat will continue to work closely with SDG focal points to raise awareness on SDGs to the central and local governments as well as partnering with DPs and CSOs to sensitize SDGs to the general public. Apart from that, communications tools such as booklets and flyers will be printed to support line ministries to raise awareness. Information on best practices of SDG awareness efforts performed by line ministries will be captured and shared to accelerate the progress on SDG awareness raising programmes.
- SDG Capacity Building: The National SDG Secretariat will continue to work with relevant UN agencies to organize conferences and workshops as part of the internal capacity building to enhance the capability and knowledge on SDG to the SDG focal points and line ministries. Many technical officials still do not have a good command of English, which makes it difficult to coordinate with regional and international staff. So, line ministries to identify and send the officials for English courses will be an asset to the organization.
- Round Table Meeting: The National SDG Secretariat will continue to utilize RTM as the platform to mobilize funding to support the implementation of SDGs, especially SDG 18. Non-traditional donors and resources from private sectors can be considered to support SDG implementation.
- SDG Data: For the SDG indicators that line ministries are unable to collect data to support the implementation of SDGs, they should work closely with LSB to mainstream the indicators, especially Tier I, into the future national surveys such as LSIS III (2020/2021), LEC (2020/2021), Population Count (2020/2021), Labour Force Survey (2020/2021), Economic Census (2020/2021). This process should be done early as part of the on-going consultation so that key indicators can be integrated in the relevant modules to be inserted in the surveys. To understand more on the SDG indicators to be assessed via survey or not, the SDG focal points should refer to the metadata for guidance.
- SDG VNR: The National SDG Secretariat will identify a set of SDG indicators to be reported in the next VNR in 2021 based on the national priority stated in the 8<sup>th</sup> NSEDP, 9<sup>th</sup> NSEDP and relevant sectoral strategies as well as the availability of data while ensuring it is relevant to the themes of the High-Level Political Forum (HLPF) in that particular year.

## 2.3 Update on the Implementation of the Vientiane Declaration on Partnership for Effective Development Cooperation

79. To guide implementation of the eight principles of the Vientiane Declaration and for strategic monitoring and reporting, the Government and its partners have been developing a Country Action Plan (CAP 2016-2025). This VDCAP (2016-2025) is an important document for stakeholders at all levels as it outlines 14 focused action areas needed to achieve effective development cooperation, which in turn will help accelerate the 8<sup>th</sup> NSEDP and SDG implementation. VDCAP has now been integrated into the global framework on partnership for effective development cooperation. Results of the 3<sup>rd</sup> global survey on partnership for effective development cooperation were published during the High Level Political Forum on Sustainable Development in July 2019. Key findings for Lao PDR are summarized as follow:

80. Overall quality of the national development planning and results orientation is considered to be high, inclusive and results-oriented development strategies are critical for countries' ownership over their development and the implementation of the 2030 Agenda and the Sustainable Development Goals (SDGs). In term of score, the quality of national development planning in Lao PDR is 87% (this is considered high in the global scale. Cambodia score around 83% and some other countries score around 70%).

81. On extent of use of country-owned results frameworks by development partners, development partner alignment to country-led development priorities is at the heart of country ownership. Global Partnership monitoring assesses whether interventions: draw objectives from national development strategies; draw indicators from country results frameworks; use government data and statistics for monitoring; and involve government in evaluations. The first three elements provide the official data to report on SDG indicator 17.15.1. In Lao PDR, development partners align to country priorities to a medium extent (65% - SDG indicator 17.15.1).

82. For Multi-stakeholder engagement, recognising that successful development efforts require the inclusive and equitable participation of all actors, the 2030 Agenda calls for collective action by the whole of society. Global Partnership monitoring examines the engagement of civil society and the private sector from both the perspective of the government and representatives of these stakeholder groups. Over the past years, the Government of Lao PDR has increasingly engaged with civil society organizations (CSOs) and private sector companies, in particular through consultations around the NSEDP and the Vientiane Declaration on Partnership for Effective Development Co-operation. INGOs and NPAs participate in the round table process and contribute to the sector working groups. Organized in chambers of commerce, private companies have advanced in a number of fields, including corporate social responsibility, women's empowerment, right based approach and extractive industries. Development partners have called for greater inclusion of these players, which has been consequently reflected in the Vientiane Partnership Declaration. In sum, progress has been made in deepening the dialogue and generating a basic framework to engage in a solid multi-stakeholder dialogue while identifying specific advantages of each actor. In the next years, particularly NPAs might benefit from an improved legal and administrative environment, while enhanced spaces for coordination between government and CSOs, and between government and the private sector, would help fully harness the comparative advantages of all partners in Lao PDR's development.

83. Turning to quality and use of public financial management systems, strong public financial management (PFM) systems are an essential element of good governance and vital to achieving development goals. Lao PDR did not assess progress in the quality of its PFM

systems. However, for development partners' use of country systems, development partners' use of these systems to deliver co-operation both lowers transaction costs but also helps to accelerate their strengthening. In Lao PDR, use of country PFM systems increased from 22% in 2016 to 42% in 2018. Further, legislative oversight of the budget has improved. The share of development co-operation recorded on budgets subject to parliamentary scrutiny increased from 19% in 2016 to 24% in 2018.

84. On predictability and forward planning, high-quality and timely information on development co-operation helps governments in planning and managing resources for results and can guide development partners in coordinating their support with other providers, as to avoid fragmentation and duplication of efforts. Annual predictability of development co-operation is low, with 70% of co-operation disbursed as scheduled. Medium-term predictability is low, with 32% of co-operation available in forward looking expenditure plans for the next three years.

85. On mutual accountability mechanisms, Lao PDR has four out of five components in place: i) Comprehensive policy framework for development co-operation, ii) Country-level targets for government and development partners, iii) Assessments are inclusive and involve non-state actors and iv) Timely, publicly available results of assessments. The component that Lao PDR seems lacking is a regular joint assessment of progress. The Vientiane Partnership Declaration is the main vehicle for mutual accountability, which is further operationalized through the round table process and sector working groups. If implemented well, it might also accelerate progress toward those indicators requiring most attention, especially the use of country systems and predictability. These elements are already stressed by the Vientiane Partnership Declaration and might further benefit from the increasing inclusiveness towards non-traditional actors such as South-South partners, CSOs and the private sector.

### **III. Preparation of the 9<sup>th</sup> NSEDP**

86. The Government of Lao PDR will take great care to ensure that the preparation of the 9<sup>th</sup> NSEDP is evidence based and lessons learned from implementing the earlier 8<sup>th</sup> NSEDP. It will outline a strategy that supports further growth in employment across different sectors, agricultural production, trade, and resource mobilization. The Government is also committed to social policies to support creating a healthy and educated population. Important efforts are also being undertaken to build the resilience of institutions, communities and households to economic and natural shocks. The Prime Minister's Instruction issued to all Ministries and provinces dated 21<sup>st</sup> May 2019 is a reference and guidance for the development of the 9<sup>th</sup> NSEDP. Summary of this instruction is as follow:

87. The 9<sup>th</sup> National Socio-economic Development Plan (2021-2025) (9<sup>th</sup> NSEDP) will follow the government's longer term planning and in particular the 10-year plan to 2025 and the 2030 Vision with overall objectives to fully focus on socio-economic development based on the existing potentials in order to help the country effectively achieve the LDC's criteria through quality, inclusive and green growth, and achieve the SDGs by 2030.

88. Overall direction and actions are:

- 1) Continuing to create associated conditions and factors to strongly ensure political stability, peace and orders in the society; building up a society with solidarity, democracy, justice and civilization.
- 2) Building up a quality of economic growth through performing an economic structure reform in each sector and local authority.

- 3) Focusing on quality of human resource development, which will be key factor for accelerating progress towards socio-economic development, rural development, and people's poverty reduction to ensure better quality of life.
  - 4) Developing clean and environmental friendly economy, protecting and utilizing natural resources in a most reasonable, sustainable, economized and effective manner.
  - 5) Transforming public administration to modernized, concise, transparent, efficient system that actually benefits all people.
  - 6) Enhancing various forms of cooperation with friendship countries and development partners on the principle of mutual benefit; strengthening national ownership in widely participating in the regional and global integration process.
89. Key goals and main targets of the 9<sup>th</sup> NSEDP are:
- Ensure continually, inclusive and stable economic growth; developing basis for public finance with transparency, modernization and justice by transforming to a modern management of revenue collection for state budget; reducing budget deficits and public debts.
    - o Attempting to increase the GDP growth averaging of not less than 7%.
    - o Creating a national financial system with stability, budget balance, and effective debt management; increasing government's reserve for better balancing and adjusting the economy.
    - o Ensuring stable currencies, inflation rate, and stable exchange rate; attempting to increase foreign-exchange reserves each year.
  - Continuing to upgrade people's better livelihoods in terms of both materiality and mentality.
90. Key priority actions to achieve the goals and targets of the 9<sup>th</sup> NSEDP (2021-2025)
- 1) Ensuring continually, strong economic growth with better quality; continuing to transform the economic structure to an industrialized and modern direction; improving economic structure to be more diverse according to various production-service sectors, better efficient and higher value added based on the country's potentials; continuing to create an enabling environment for attracting more private investors to invest in areas as specified in the promotional list especially in the special economic zones; developing and promoting micro-enterprises, small and medium enterprises that are considered as potentials; better effective management of public enterprises.
  - 2) Improving and establishing a modern, strong, widen monetary system that can be integrated into the regional and global system.
  - 3) Focusing on development of infrastructure projects to facilitate production capability and promote people's quality of life, emphasizing on development of communications and telecommunications networks which help promote development of various economic areas, infrastructure for accessing to public services, particularly in rural areas.
  - 4) Focusing on development of better quality of education, health and labour sectors in order to achieve the SDGs. In particular, emphasizing on expending networks and enhancing quality of learning, teaching and health services, as well as developing high quality of labour force.
  - 5) Transforming to modern agricultural production and rural development, strongly addressing poverty relevant to the implementation of the 3-build

directive, enhancing people's better livelihoods through establishing-improving necessary infrastructures, promoting greater access to services, funding resources, techniques, markets, along with encouraging production based on local potential of each area; continuing to develop large villages to become small cities in rural areas; continuing to effectively implement the 3-build directive from central to local levels, firmly maintaining peace and orders.

- 6) Carrying out researches and using science and technology, wisdom and new innovation in the process of production and services to ensure greater efficiency and diversification of new value-added products.
- 7) Continuing to preserve, develop and rebuild rich natural resources, building green and clean cities, promoting econ-friendly production and consumption, reducing pollution and waste from production and consumption, reducing natural disaster risks and impacts.
- 8) Continuing to systematically amend and issue laws and legal documents to accommodate the current situation and conditions of new era, transforming public administration to be more precise and modern that aligns with the rule of law direction. Continuing to improve the centralization of responsibility between central and local levels by assigning local authority to be responsible for implementation, whereas central level to be responsible for monitoring and inspection related activities.
- 9) Continuing to cooperate with friendship countries and development partners to maintain close relationship and partnership, including strengthening the political role in international forums, implementing various international obligations as well as having ownership in implementation of both regional and international cooperation frameworks.

91. Development of the 9<sup>th</sup> NSEDP will follow the key milestones as highlighted below:

1. All Ministries, Ministry-Equivalent Government Agencies, the Governor of Vientiane Capital and all Provincial Governor to submit first draft of their relevant five-year development plans to Ministry of Planning and Investment before or on 15<sup>th</sup> January 2020.
2. All Ministries, Ministry-Equivalent Government Agencies, the Governor of Vientiane Capital and all Provincial Governor to submit final version of their relevant five-year development plans, which are cleared and endorsed by their management, to Ministry of Planning and Investment before or on 15<sup>th</sup> June 2020,
3. Ministry of Planning and Investment consolidates and aggregates sectoral and provincial inputs for preparation of the 9<sup>th</sup> NSEDP (2021-2025) and present the draft during meeting of party central committee and the Party's Congress by Mid-September 2020,
4. Ministry of Planning and Investment revises the draft of the 9<sup>th</sup> NSEDP based on comments from the meeting of the Party Central Committee and the Party's Congress and reports back to the Government before submission of the final draft of the 9<sup>th</sup> NSEDP to the National Assembly for clearance and approval by October 2020,