



LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

2030 Vision and 10-Year Socio-Economic Development Strategy (2016-2025)

(officially approved by the 8th Legislature of the National Assembly in its inaugural session held during 20-22 April 2016 at the National Assembly, Vientiane)

Ministry of Planning and Investment

June, 2016

CONTENT

Part I: Evaluation on the implementation of socio-economic development plans in the past 15 years (2001-2015).....	1
1.1 Review the past socio-economic development strategies.....	1
1.2 Socio-economic achievements in the past 15 years	3
1.2.1 Political stability and social order.....	3
1.2.2 Economic development	3
1.2.3 Social development.....	5
1.2.4 Natural resources and the environment.....	6
1.2.5 Regional and international integration	7
1.3 Constraints.....	7
1.4 Lessons learnt.....	8
Part II: 2030 Vision and 10-Year Socio-Economic Development Strategy (2016-2025).....	11
2.1 International environment, special characteristics and situation of the country.....	11
2.1.1 International environment	11
2.1.2 Special characteristics and actual situation in the country.....	12
2.2 2030 Vision.....	17
2.3 10-Year Socio-Economic Development Strategy (2016-2025)	18
2.3.1 Overall direction	18
2.3.2 Overall goals and targets of the strategy up to the year 2025.....	19
2.3.3 National level strategies for ten-year socio-economic development (2016-2025).....	20
2.3.3.1 Strategy on continued economic development in a quality, balanced, sustainable and green direction	20
2.3.3.2 Strategy for meeting the criteria for graduation from Least Developed Country status by 2020 and implementation of Sustainable Development Goals (SDGs).....	21

2.3.3.3	Strategy on human resources development	22
2.3.3.4	Strategy for sustainable, efficient and green-direction protection and use of natural resources	24
2.3.3.5	Strategy on improving enforcement of the rule of law of the people’s democratic government.....	24
2.3.3.6	Strategy on regional and international integration and connectivity	26
2.3.3.7	Strategy on industrialization and modernization	27

Part III: Policies, mechanisms and implementation measures 29

3.1	Policies.....	29
3.2	Implementation mechanism.....	30
3.3	Implementation measures	33
Appendix 1:	Tables of important social and economic indicators	35
Appendix 2:	Selected targets of the strategy up to 2030	38
Appendix 3:	Thresholds and criteria of the Least Developed Country classification and progress of implementation	40
Appendix 4:	Sustainable Development Goals (SDGs).....	43
Appendix 5:	Indicators for the Least Developed Countries Review in 2015.....	45
Appendix 6:	Appendix 6: List of countries by the World Bank income classification	48

Foreword

The 2030 Vision and 10-Year Socio-Economic Development Strategy (2016-2025) is the Development Strategy continuing from the Development Strategy to the Year 2020 approved in the 7th Congress of the People's Revolutionary Party (in 2001). It continues implementing the resolutions of the 9th Party Congress and prepares content for the 10th and 11th congresses in the future. It is also the breakthrough strategy to ensure that socio-economic development achieves growth that is continuous and stable in accordance with a sustainable and green direction, to develop the country to meet the criteria for graduation from the least developed country category by 2020 and definitively graduate from the least developed country category by 2025, and further build industrialization and modernization infrastructure to help the country become an upper-middle income developing country by 2030. The strategy aims to improve the livelihood of people; to ensure political stability, a peaceful and harmonized society, and unity among people from all ethnic groups; and to gradually make the nation strong, its people wealthy, and its society just and civilized in accordance with the directions of socialism.

In the past 15 years (2001-2015) of our socio-economic development, we have reached many satisfactory achievements. However, various shortcomings remain for us to overcome. Those successes and shortcomings have become invaluable lessons and the foundation for formulating and implementing the (2016-2025) development strategy to achieve greater success. Therefore, this 10-Year Socio-Economic Development Strategy (2016-2025) is a plan to expand upon our achievements and address shortcomings from the past 15 years. It has an important role in translating the Party's directions into development strategy of the government, being a basis for the formulation of the 8th and 9th Five-Year National Socio-Economic Development Plans, ensuring new changes in both quantity and quality in accordance with the Four-Breakthrough direction of the 9th Party Congress, and aiming at building solid socio-economic steps and infrastructure to achieve 2016-2020 and 2021-2025 targets and the 2030 vision.

The uniqueness of the 2030 Vision and 10-Year Socio-Economic Development Strategy (2016-2025) is that it is a policy document defining broad socio-economic development goals up to the year 2030, directions, and targets and national priority strategies until the year 2025 as the basis for the formulation of the 8th and 9th Five-Year Socio-Economic Development Plan and sectoral and local development plans and strategies.

Defining the 2030 Vision and 10-Year Socio-Economic Development Strategy (2016-2025) was based on evaluation of development activities in the past; research on the country's special characteristics, actual situation, potential, opportunities, challenges and limitations; national, regional and international trends; overall globalization trends; regionalization and internationalization now and in the future, especially trends of regional and international changes and growth in terms of politics, society, economy, trade, investment, science and technology; changes in the global natural environment;

practical lessons from development in the past; lessons from regional and international experiences, including both successes and failures; development needs of the country in the new era; plausibility and best options for development; results of scientific seminars; opinions from public sector, private sector and development partners; and directions from the government and the politburo of the Central Committee as information and concepts for the formulation of vision and strategy.

The 10-Year Socio-Economic Development Strategy (2016-2025) defines development options and directions that balance economic development, cultural and social development, and protection and restoration of the environment, ensuring sustainability and a green economy by placing economic development at the centre, cultural-social development as the end goal, and environmental development as a necessary condition; builds and maintains the public administrative regime in the direction of building a nation that has the rule of law; takes ownership in coping with climate change and regional and international integration; maintains political stability and a peaceful society; strengthens national defence and public security activities; and protects the independence, sovereignty and territory of Lao PDR firmly and securely. The 10-Year Socio-Economic Development Strategy focuses on seven national priority strategies:

1. Economic Development Strategy following a high-quality, balanced, continuing, sustainable and green path
2. Strategy for graduating from the Least Developed Country (LDC) status by 2020 and implementing sustainable developments goals
3. Human Resource Development Strategy
4. Strategy for sustainable, effective and green protection and use of natural resources
5. Strategy for strengthening the functions of the people's democratic regime and strengthening the rule of law
6. Regional and international integration and connectivity strategy
7. Industrialization and modernization strategy

Special characteristics and emerging issues of the 2030 Vision and 10-Year Socio-Economic Development Strategy (2016-2025) clearly point out a strategy to meet the criteria for graduating the country from the list of Least Developed Countries by 2020 and definitively graduate from the list by 2025 following a green and sustainable path. What is new in this strategy is that it clearly shows the thresholds and criteria for graduating the country from LDC status by 2020, namely Gross National Income (GNI), Human Asset Index (HAI), and Economic Vulnerability Index (EVI); and points out the green and sustainable development goals concept as development targets that have been defined by all nations in the world, and for which we need to formulate our own strategy and define consistent measures to achieve those targets. Measures and implementation mechanism emphasize strengthening implementation of the Four Breakthroughs defined in the 9th Party Congress, continuing to make economic change

comprehensively and in every dimension, strictly enforcing existing rules and laws and continuing to make a more complete set of laws to facilitate and support implementation of this strategy to make it reality and with high quality, in particular emphasizing strengthening the planning mechanism in relation to market mechanisms and with a harmonized and systematic coordination mechanism.

The 2030 Vision and 10-Year Socio-Economic Development Strategy (2016-2025) has three main parts:

Part I: Evaluation on the implementation of socio-economic development plans in the past 15 years (2001-2015). This part includes four topics:

1. Review of the past development strategies
2. Evaluate past achievements
3. Evaluate remaining challenges
4. Lessons Learnt

Part II: 2030 Vision and 10-Year Socio-Economic Development Strategy (2016-2025). It also contains four topics:

1. Characteristics of 2030 Vision and Strategy up to the Year 2025
2. Special characteristics and actual situation of the country and international environment
3. Vision
4. 10-Year Socio-Economic Development Strategy (2016-2025) and overall directions, goals and targets, and development priorities (7 priority strategies)

Part III: National Priority Work Plans, Policies, Mechanism and Implementation Measures.

Vientiane, 1 June 2016

Minister of Planning and Investment

Slogan of 2030 Vision and 10-Year Socio-Economic Development Strategy (2016-2025)

“Aspire to graduate the country from Least Developed Country Status by 2020 and become an upper middle income developing country on a green and sustainable path by 2030”

Part I

Evaluation on the implementation of socio-economic development plans in the past 15 years (2001-2015)

1.1 Review the past socio-economic development strategies

The 7th Party Congress defined development directions and targets for Lao PDR from 2001 to 2020 as follows:

By the Year 2005:

- Continuous economic growth of 7-7.5 percent per annum
- Per capita gross domestic product of US\$ 500-550
- Reduce by half poverty rate of 39.1 percent (Fiscal Year 1997/1998)
- Fundamentally eliminate shifting cultivation and completely eliminate opium planting
- Improve ease of doing business
- Build up human resources in various necessary areas and levels

By the Year 2010:

- Economic growth of 7 percent per annum
- Per capita gross domestic product of US\$ 700-750
- Fundamentally reduce poverty of the people
- Completely eliminate shifting cultivation
- Lay foundation for industrialization and build up adequate quantity and quality of human resources to move forward to industrialization and modernization
- Build foundation for the country to be a transiting service hub

By the Year 2020:

- Per capita gross domestic product of US\$ 1,200-1,500
- Agricultural and service production grows at a firm pace with modernization aspect
- Education and health services are developed universally
- Graduate from Least Developed Countries category

- Poverty is eradicated completely
- Have human resources and labour force able to participate in development process
- Have wide international cooperation and be able to participate in developing opportunities with ownership

The 8th Party Congress revised and amended some inconsistent targets as follows:

By the Year 2010:

- Average economic growth of 7.5 percent per annum
- Per capital gross domestic product of US\$ 800
- Enhance capacity of every economic sector and international cooperation
- Slash-and-burn must be eliminated completely by replacing it with safe occupations
- Poor families are fundamentally improved
- The country has economic, technical, culture, science and quality human resources to support industrialization and modernization.

The 9th Party Congress defined the goals for leading the country out of Least Developed Country status by 2020 and at the same time aspiring to achieve Millennium Development Goals in 2015. The congress defined socio-economic goals as follows:

By the Year 2015:

- Continued and stable economic growth of at least 8 percent per annum
- Per capita gross domestic product of US\$ 1,700
- Implement the Industrialization and Modernization Strategy
- Reduce poverty to 10 percent of households in the country
- Realize implementation of compulsory education and have the majority of population having completed at least lower secondary education
- Achieve MDGs
- Lao PDR has international allies and can participate in regional and international integration with full ownership

By the Year 2020:

- The country graduates from the Least Developed Country category

1.2 Socio-economic achievements in the past 15 years

The 7th Party Congress (in 2001) defined development strategy directions for 2001-2005, 2006-2010 and up to the year 2020. At present, we can evaluate major achievements as follows:

1.2.1 Political stability and social order

The important achievements are that we have been able to stably protect absolute independence, sovereignty and territory of the country; society has been basically safe and in order; and the armed forces of the people have been strengthened systematically and provided with modern equipment. They are the main resource in implementing the party's directions on national defence-public security, ensuring national security, and creating an environment that supports orderly development of the country.

1.2.2 Economic development

Over the last 15 years (2001-2015), overall gross domestic product has grown rapidly and continuously, and macroeconomic conditions have been basically stable as reflected in the following:

- GDP growth rate on average was 7.4 percent per annum during 2001-2015. GDP per capita increased from US\$ 319 in 2000-2001 to US\$ 1,970 in 2014-2015 (Table 1 of the Appendix). In 2011, the World Bank raised Lao PDR from the Low Income Country categorization to Lower-Middle Income Country and certified that Lao PDR is one of ten countries in the world that have rapid economic growth. This fast pace of economic growth is evidence of development achievement and a foundation for graduating the country from Least Developed Countries category by 2020, a goal set by the People's Revolutionary Party. Lao PDR has made progress in preparing the country to graduate from the Least Developed Country (LDC) category. According to the latest assessment from the Committee for Development Policy (CDP) in March 2015, Lao PDR has a three-year average of Gross National Income (GNI) of US\$ 1232, or 99 percent of the threshold (2015 threshold is set at US\$ 1242), a Human Assets Index (HAI) of 60.8, equivalent to 92 percent of the threshold (threshold is set at 66 or above). However, the Economic Vulnerability Index (EVI) remains a challenge for our country. The 2015 value is at 36.2 or 88 percent of the threshold (the threshold is set at 32 or below). Based on this review, our country has not met any of the criteria in 2015. The country is required to meet two out of three criteria over two consecutive triennial reviews. However, in CDP's 2018 review, it is expected that we would meet two criteria, namely GNI and HAI, or meet the LDC graduation criteria for the first time¹.

¹ If we could continue meeting the thresholds in 2021, Lao PDR would graduate from the list of Least Developed Countries once the government of Laos makes a request.

- The national economic structure has changed into industrialization and modernization, in which the share of the economy based on agriculture-forestry declined from 46.2 percent in 1999-2000 to 23.7 percent in 2014-2015. The industrial share increased from 17.9 percent to 29.1 percent and the services sector share increased from 35.9 to 47.2 percent in 2014-2015 (Table 2 of the Appendix).
- Labour force structure changed as follows: labour force in the agriculture-forestry sector declined from 78.5 percent in 2005 to 71.3 percent in 2010 and to 65.3 percent in 2015. The labour force in the industry sector increased from 4.8 percent in 2005 to 8.3 percent in 2010 and is expected to reach 11.51 percent in 2015. The services sector labour force increased from 16.7 percent in 2005 to 20.4 percent in 2010, and is expected to reach 23.45 percent of the country's total labour force in 2015² (Table 3 of the Appendix).
- International Trade: Lao PDR has international trade relationship with more than 80 countries. During 2011-2015, total export amounted to US\$ 21.6 billion or the equivalent of 25 percent of GDP, and imports reached US\$ 27.3 billion or 32 percent of GDP. The average trade deficit was 7.2 percent of GDP. The trade openness ratio (Export + Import) averaged at 48 percent of GDP during 2001-2010 and increased to 63.4 percent during 2011-2015, which reflects that international trade development grew satisfactorily.
- Investment: in the past 15 years, total investment accounted for 44 percent of GDP, equivalent to 330,100 billion Kip, in which investment from domestic and international private sources accounted for 28 percent, public investment was 3.3 percent, official development assistance covered 7.7 percent, and loans from the banking sector accounted for 5.8 percent. Total investment during the 7th five-year plan expanded 6.7-fold compared to that of the 5th five-year plan (2001-2005), that is, from 30.6 billion kip to 236.7 billion kip.
- Foreign investment during 2001-2015 totalled US\$ 20.1 billion³, of which the majority was invested in the hydropower sector (31 percent of the total investment), the mining sector (25 percent), the service sector (21 percent), and the agriculture and manufacturing sectors (13 and 10 percent, respectively). To the present, investors from 41 countries have invested in Lao PDR; the top 10 countries investing in Laos, of which six are from Asia, are China, Thailand, Vietnam, Korea, Malaysia, France, the Netherlands, Japan, Norway and England.

² The Labour structure for 2005 is based on the 2005 population census. For 2010, it is based on the 2010 Labour Force and Child Labour Survey in Lao PDR. For 2015, it is based on estimates using the Lao Expenditure and Consumption Survey completed in 2013 (LECS 5).

³ Investment values for 2013 onward include only investment value of concession projects.

- Mobilization of Official Development Assistance during 2001-2015 totalled US\$ 6.9 billion. This fund has been concentrated on socio-economic infrastructure development, especially on roads, electrification, and social infrastructure, mainly education and health to support the implementation of MDGs.
- A stable macro-economy is evidenced as follows: inflation over the last 15 years has stayed below two digits (6.8 percent) and met the target. The main reasons contributing to stability of inflation are results of strong macroeconomic management policies and the international environment, namely the global financial-economic crisis in 2008-2009 which caused a decline in global commodity prices; and particularly the large decline in oil prices has contributed positively to maintaining macroeconomic stability of our country. At the same time, exchange rates of Lao Kip with other currencies have been considerably stable, moving within a 5 percent band as the defined target. Lao Kip depreciated against the Thai Baht, with an exchange rate moving from 203 LAK/THB in 2001 to 245 LAK/THB in 2014-2015; and at the same time, Lao Kip slightly depreciated against the US dollar, with an exchange rate increasing from 8,049 LAK/USD to 8,123 LAK/USD. M2 expansion during 2001-2015 averaged at 28.9 percent per annum, in which a ratio of foreign currency deposit to M2 averaged at 58 percent per annum and declined from 75 percent in 2001 to 53.8 percent in 2010 and to 50 percent in 2014. This shows stability and use of Lao Kip has improved considerably.

1.2.3 Social development

In 2015 the size of the population was 6.5 million people. It increased 0.9 million people from 2005, yielding an average annual population growth of 1.8 percent. Population growth patterned into a triangular pyramid which has a large body of young population as a base and a population size becoming smaller as age increases. It is observed that the middle-age and senior populations have increased over time.

The poverty rate declined from 33.5 percent in 2003 to 27.6 in 2008 and continued to decline to 23.2 percent in 2013; life expectancy reached 69.41 years in 2015 from 66 years in 2010; literacy rate among population aged 15 years old and above increased to 81.3 percent from 68 percent in 2000 and Lao PDR completed primary school level non-formal education training nationwide in 2015. Moreover, access to clean water reached 84 percent and access to toilets covered 65 percent of the population in 2014. The infant mortality rate declined to 32.62 per 1000 live births in 2015.

Based on the United Nation Development Programme's ranking of Human Development Index (HDI) in 2011, Lao PDR is ranked at 138th out of 187 countries (the ranking in 2001 was 131st out of 162 countries).

According to a joint evaluation by the government of Lao PDR and the United Nations in 2013 of the implementation of MDGs, Lao PDR is likely to achieve those goals. However, some goals remain challenging and may not be able to be achieved as planned, especially Goal 1 (Prevalence of Stunting and Underweight of Children of under-five years of age), Goal 2 (Enrolment ratio and proportion of pupils starting grade 1 who reach last grade of primary), Goal 4 (infant mortality rate), Goal 7 (in particular, the proportion of land area covered by forest is very low) and Goal 9 (number of hectares released from unexploded ordnance (UXO) contamination per year remains lower than the target and number of casualties as a result of UXO incidents is still high). For details see Table 4 of the Appendix.

1.2.4 Natural resources and the environment

Protection and use of natural resources and the environment are important tasks in the socio-economic development of our country. Over the past 15 years, the Party and the government of Lao PDR have made various achievements as follows:

- + Development of human resources, organization and educational and research institutes in the area of the environment:
- Upgraded the Water Resources and Environment Administration to the Ministry of Natural Resources and Environment
Established the Faculty of Environmental Sciences at the National University of Laos
- Established, expanded and strengthened environmental institutions
- Established, improved and enhanced the capacity of the National Disaster Management Committee
- Established the information centre and improved the early warning system
- + Development of regulations related to environment protection and sustainable development:
Promulgated the Law on the Environment
Promulgated the Forestry Law
- Promulgated the Law on Water and Water Resources
- Issued regulations on environmental and social impact assessment (ESIA)
- Developed regulations on import, production and use of chemical fertilizer in agricultural production
- Updated regulations on import, production and use of herbicides and pesticides in agricultural production
- + Protection and management of conservation forests, wetlands, and biodiversity areas
- There are 243 conservation forest areas in the country, covering 4,77,680 hectares.

Twenty-four areas, with 3,768,550 hectares, make up the national conservation forests; 66 are provincial conservation forests and the remaining are district-level conservation forests.

- Two wetland areas have been registered according to the convention: Xe Champhone and Bueng Kiat Ngong.

1.2.5 Regional and international integration

Regional and international integration has deepened over time. Lao PDR has signed bilateral agreements on economic cooperation with 15 countries and participated in various multilateral cooperation mechanisms, by becoming for example a member of the ASEAN Community, and has signed various agreements including the ASEAN Trade in Goods Agreement (ATIGA), ASEAN Comprehensive Investment Agreement (ACIA) and 7 packages under the ASEAN Framework Agreement on Services. It also has completed negotiations of ASEAN-China, ASEAN+6, and ASEAN-Japan Free Trade Areas; become signatory to the agreement to establish ASEAN-Australia and New Zealand Free Trade Area and ASEAN-India Trade in Goods Agreement; signed the ASEAN-Korea Investment Agreement; and completed a feasibility study on the ASEAN+3 East Asia Free Trade Area (EAFTA) and ASEAN+6 Comprehensive Economic Partnership for East Asia (CEPEA). The most outstanding achievement is membership in the World Trade Organization in early 2013 and successful hosting of the 7th Asia-Europe Parliamentary Partnership Meeting and the 9th ASEM Summit in late 2012, the 6th Cambodia-Lao PDR-Myanmar-Vietnam Summit and the 4th Aeyawady-Chao Phraya-Mekong Economic Cooperation Strategy Meeting in early 2013.

1.3 Constraints

- 1) Implementation of the breakthroughs and targets set in the Party's congress have not been satisfactorily completed. Training on political thinking to educate people and help them understand the Party's directions on new mechanisms in accordance with the breakthroughs has not been deepened. Translation of the Party congress's resolutions into plans, work plans and programmes to suit local contexts has not been centralized and progress has been slow; and many social development targets have not been achieved according to the plan.
- 2) Economic growth has not guaranteed satisfactory quality. Economic growth has relied heavily on exploitation of natural resources; domestic savings have been limited; exports have added little value; agricultural production has remained scattered and with a weak relation to the manufacturing sector and market opportunities. Investment has not had a clear focus and has not been satisfactorily effective, and planning and fiscal discipline have not been strictly followed. Private enterprises have received more support but

their competitiveness remained low. The investment environment has not been able to adequately meet investment demand.

- 3) Economic development has not gone hand-in-hand with cultural-social and environmental development; income distribution has not been equitable, so inequality has remained between urban and rural areas, and among and within regions; MDGs implementation has progressed well but some targets remained difficult to meet; traditional culture has gradually faded; human resource development in term of quantity and quality has not been able meet development needs; management and exploitation of natural resources have been unsustainable in many cases, being expensively exploited and not environmentally friendly.
- 4) The rule of law for public management and administration has not been stringent and strictly enforced, resulting in a weak implementation of market mechanisms; it also created loopholes for corruption in various forms and levels, which in turn hurt people's trust and faith in the administration of our Party and government. Self-consciousness to obey the law in society, including among government officials, has been limited.
- 5) Preparation for regional and international integration has not been adequate; the dissemination of trade-integration-related information has not been widely reached, resulting in some enterprises not having a deep understanding of integration or appropriate mechanisms to deal with broader openness; utilization of trade preferences and their location in the heart of the Greater Mekong Sub-region have been limited.

1.4 Lessons learnt

- 1) Political stability, social order and unity of people of all ethnic groups in the country are an important basis for continued and strong socio-economic development.
- 2) Translation of political directions and resolutions of the Party and the government into detailed socio-economic development plans, work plans and programmes that are consistent with national socio-economic development plans, local-level and sectoral development plans is important to successful implementation of plans and achieving targets.
- 3) Socio-economic development, based on market mechanisms with systematic management and intervention from the government, is an important factor for development in harmony with the goals of socialism.
- 4) Economic growth driven by the natural resource sector is not sustainable. Therefore, economic development in the future needs to give importance to non-resource sectors, especially small and medium enterprises. It needs to enhance the business environment

and facilitate access to finance. It also needs to focus on clean agricultural production to supply industrial production.

- 5) Public investment and promotion of private domestic and foreign investment require more stringent management and clearer investment focus. For example, public investment should focus on building infrastructure required for the development process, mobilize grants and loans under Official Development Assistance and use those sources of fund with high responsibility, transparency, effectiveness and efficiency. For promotion of private domestic and foreign investment activities, there is a need to improve responsible access to the investment environment, prepare a well-rounded and comprehensive set of regulatory frameworks, make available monitoring and evaluation mechanisms, and report on activity and draw lessons from it on a regular basis.
- 6) Rural development and poverty eradication need to go hand-in-hand with grassroots political campaigning and rural development consonant with the 4 pillars and 4 targets, including being continued and systematic, identifying and utilizing potential and special characteristics at the local level, and having public participation at all levels. At the same time, viewing grassroots political campaigning and rural development as the prime battlefields for the development of the country, and success there as a fundamental factor for rural development and poverty reduction in accordance with the Three Builds directions.
- 7) Commercial production that takes into consideration production, processing and marketing along with suitable modern technology, to support commercial production. Creation of value chain and economic interactions with local levels is necessary for expansion of production under regional and international integration.
- 8) Public administration following the rule of law means it is essential to create and improve legal frameworks that are relevant to the present context to protect the rights and benefits of the country. At the same time, improving organizational structure to make it more compact and providing clear roles and mandates to each level is also necessary.
- 9) Taking an ownership and high responsibility in cooperation and economic integration with friendly countries and at regional and international levels on a mutual-benefit basis.
- 10) Breakthroughs in thinking and imagination are particularly essential and require being continued until successful implementation is reached. Consistent, harmonized and systematic coordination among agencies at the central, sectoral and local levels, among provinces, and among agencies along the vertical organizational line are necessary to achieve shared goals of the country.

- 11) Making systems of monitoring, evaluation and reporting of socio-economic development plan implementation relevant to today's context.

Part II

2030 Vision and 10-Year Socio-Economic Development Strategy (2016-2025)

2.1 International environment, special characteristics and situation of country

2.1.1 International environment

1) Advantages/opportunities:

During the next 15 years (2016-2030), it is expected that the international environment will provide opportunities and advantages for the socio-economic development of the country.

- The world economic situation is expected to recover and gradually grow thanks to efforts in addressing economic challenges by each country and at the global level. Therefore, Lao PDR's bilateral and multilateral cooperation will likely expand at a faster pace compared to the last few years, especially regional cooperation.
- Access to international markets for Lao PDR will expand, especially the ASEAN free area, ASEAN+1 (China), +2 (Korea), +3 (Japan), +6 (India, Australia, New Zealand).
- WTO and ASEAN Economic Community membership will help strengthen Lao PDR in becoming a production base for ASEAN, which will boost foreign direct investment.
- The science-technology revolution, especially in Information Technology, will continue to grow, and there is a likelihood of increasingly moving toward the knowledge-based economy in the world. Lao PDR could use these technologies to maximize benefits to the country.
- International economic integration will give us opportunities to increasingly play a role at the international level, allow us access to international dispute settlement mechanisms, and contribute to the establishment of trade and investment regulatory frameworks including improving existing regulations to make them consistent with international standards. This would act as a significant factor attracting foreign investment.

2) Challenges:

- Continued uncertainties, armed conflicts, and terrorism in some countries around the world having some impact on our region and our country are difficult to avoid.
- Integration and internationalization, which require us to be adaptive to grasp opportunities, and to protect against and deal with challenges emerging from integration, especially impact on competitiveness of local firms, natural environment, culture and social norms, and vulnerable groups (particularly woman and the youth) from violence, human trafficking, sexual exploitation and other negative effects from the integration process.
- The competition between countries to develop, especially by attracting foreign investment and setting up free trade areas, in this region and other regions around the world, has become more intense and cutthroat.
- Changes in economic-political policies by powerful countries and more frequent occurrence of economic-financial crises due to the imbalance of the global economic-financial system in each period will affect and put pressure on our economy (for example: oil price, exchange rate, price subsidies and non-tariff measures).
- Climate change, especially increasing effects of global warming, pollution, flood, drought, earthquake, and heavy storms in many countries including ours will impose challenges to the socio-economic development of Lao PDR in the future.

2.1.2 Special characteristics and actual situation in the country

2.1.2.1 Potential/advantages:

1) Political and social stability

Our country has a single political party. The People's Revolutionary Party has past practical experience in leading the country in the fight for its independence and successfully protecting and developing the country. The political situation of the country is stable, society is in order, people are united, and there is justice and equity.

2) Economic foundation

The national economy has continuously developed; the economic structure has changed in the direction of industrialization and modernization.

- **Agriculture**: being able to produce and ensure food security to meet domestic demand and start exporting some surplus.

- ***Industry:*** being able to lay the foundation for some manufacturing such as cement, beer, carbonated drinks, some agro-processing products and the energy and mining sector such as hydropower plants, coal fired power plants and wide coverage of electric distribution networks, and gold and copper ores and potassium processing plants.
- ***Service:*** this sector has also developed quickly, as demonstrated by modern banks, a domestic trade network, international trade relations with other countries around the world, and many regionally and internationally famous world and national heritage tourism sites.

There is a good macroeconomic foundation. The economy overcame the regional economic-financial crisis in 2007-2008 and annual severe flooding; the inflation rate could be kept within one digit according to the target; and exchange rates between Lao Kip and Thai Baht and between Lao Kip and U.S. dollar in the past five years were stable (fluctuated between +5% and -5%).

In terms of infrastructure (particularly bridges and roads), at present (2015) the entire road network around the country has grown to 36,831 km, an increase of 320.27% from 1976. Roads connect Vientiane capital and all other provinces, and also notably roads (including Roads No.9 and No.3) now connect Vietnam and Thailand as GMS transit roads. There are national roads along the East-West corridor such as Roads No.8, 12, 6, 7, 15, 16 and 18, and they intersect with roads along the North-South corridor such as roads No.13 and 1. There is the construction of the section of the Asian Kuming-Singapore railway that crosses Lao PDR (between Vientiane and Boten), and the railway connecting the second Friendship bridge (Kaysone Phomvihane district) and Dan Savan village (a border between Laos and Vietnam). These railroads will be important infrastructure for the social and economic development of the country, particularly to connect Lao PDR with neighbouring countries and with regional and international levels. This would transform the country from being landlocked to a country land linked to the sea and other countries in the region.

3) Comparative advantage of strategic location of the country

Our country is in the heart of the Greater-Mekong Sub-region (GMS) and shares borders with five countries: Vietnam, China, Thailand, Cambodia and Myanmar. Among the neighbouring countries, Thailand is our main trading partner, followed by Vietnam and China. Lao PDR is the shortest land route connecting China and ASEAN countries, especially Thailand, Cambodia, Malaysia, Singapore and Indonesia. We can use our strategic location and transform the country into a transiting country providing a convenient, fast and safe land transport route for our neighbouring countries, and become an economic and service centre of the region.

4) Comparative advantage potential of natural resources

- ***Land resources***

Lao PDR still has a large area of land that has not been explored and developed for economic and social benefits, which can support further social and economic development. A special characteristic is that large portion of our land remains fertile with rich soil provided by nature, and is generally untouched by chemical use and land surface run-off.

- ***Forest resources***

Our country has forest coverage of about 40 percent of the total land area (2010). The forest area per capita is estimated at 2.65 Ha, which is the highest in the region (Vietnam 1.57 Ha, Cambodia 0.77 Ha, Indonesia 0.41 Ha, Thailand 0.23 Ha, and China 0.15 Ha). Moreover, Lao PDR still has areas that can be restored into forest, representing about 34.75 percent of the total land area.

- ***Water resources and sources of water***

Our country has great potential from water resources. About 32 percent of the water in the Mekong River flows from Lao PDR. The total of annual water flow in Lao PDR is estimated at 190 cubic kilometres (accounting for 1.7 percent of total water flow in Asia, excluding Middle East countries), equivalent to 34,435 cubic meters per capita (almost 10.6 times Asia's average level, 10.5 times that of Thailand, 7.5 times that of Vietnam, and 3.9 times that of Cambodia). Overall, each year water resources generated within the Laos's watershed and inflow from neighbouring countries account for 334 cubic kilometres; or 60.318 cubic meters per capita (9.5 times that of Thailand, 5.4 times that of Vietnam and 1.7 times that of Cambodia).

Water resources potentials are a good pre-condition for building a large number of hydropower dams, and this makes Lao PDR a country with a potential of about 23,000 megawatts of hydropower generation. At present, we have used only 11 percent of the potential (excluding coal fired plants, thermal power, wind power, solar power and other sources).

In addition, water resources are also important for consumption, daily use, animal raising, fisheries, water transport, tourism (rivers, waterfalls, rapids, ponds, canoes...), and so on.

- ***Mineral resources***

At present, basic level mineral exploration has not covered the whole country and advanced level mineral exploration has been carried out mostly by investors and for

some investment projects only. Therefore, it cannot be concluded comprehensively what type of mineral deposits are available in our country and their quantity. Based on past explorations, minerals available include gold, copper, silver, lead, zinc, gypsum, bauxite, potash, coal, gemstones, antimony, iron, halite, and others. So far, there has been exploitation and production of some important minerals only.

As of the end of 2011, there was a total of 97 domestic and foreign mining projects with an exploration area of 2,749 square kilometres, 1.16 percent of the total land area. These projects have been an important source of growth of the national economy, and a significant source of government revenue and employment creation for people. The areas for survey, exploration and exploitation that have been approved by the government now account for 28 percent of the total area of the country and mostly are at the survey and exploration stage.

5) Potential for tourism sites

Our country has potential for natural, cultural and historical tourism, in particular the world heritage site of Luang Prabang, which has been praised by many tourists as the best tourism site; the world heritage site of Wat Phou Champasak; the Plain of Jars in Xieng Khuang Province; temples; traditional culture and norms; social norms of ethnic groups; waterfalls; caves; conserved forests; mountains; green trees; fresh air and other attractions.

Until today, the tourism resources of our country have not been developed systematically, especially in term of building facilities, failing to raise the standard of services and the level of advertisement. Development of tourism-supporting sectors is not comprehensive and many remote tourism sites have not been explored and provided with road access. Therefore, it can be seen that there remain many opportunities and great potential in developing tourism resources.

6) Human resources potential

In 2015 Laos had a population of 6.5 million people and the majority are less than 20 years old. This group of people accounted for 48 percent of the total population. The 0-14 year old population accounts for about 2.34 million people (1.1 million are female), and the 15-64 year old population accounts for 4.04 million people (with 2.03 million female). In 2015, the 0-14 year old population was estimated to have declined to 2.32 million people (1.15 million of whom are female), the 15-64 year old population was estimated to have increased to 4.16 million people (2.09 million female), and those 65 years old and above will increase to 253 thousand people (137 thousand female).

The working age population (15-64 years old) increased from 57% in 2005 to 62% in 2015; the population aged 65 years old and above accounts for 4 percent. From these figures, the working age population (15-64 years old) will be a strong labour force supporting economic development in the future. In addition, the Lao population includes ethnic groups with different traditions and cultures, which can hold potential for future development.

2.1.2.2 Challenges and constraints:

Along with those potential strengths, we also face some development constraints and challenges, as follows:

- Quality and quantity of human resources remain inadequate to meet the demand: human resource development has aimed to ensure adequate quantity and quality, but about 70 percent of the total labour force are still in the agriculture sector and mostly are family workers scattered in remote rural areas. This makes labour supply to support development projects insufficient; and as a result, it is necessary to import foreign labour, especially from Vietnam. Our country does not have highly capable managers, experts, or a skilled and technical workforce especially in production sectors; and, in fact, we have depended heavily on foreign experts to meet the need of various development projects.
- Sources of funds for our development are limited and a large proportion of funding is from foreign sources, especially in the form of foreign direct investment, loan and grants. Relying on foreign sources of funding has become a challenge for us particularly concerning issues of ownership, external dependency, social problems, management problems and benefit sharing problems. After our country is able to meet the criteria for graduation from the least developed country category by 2020 and embark on transition to officially graduate by 2025, some special preferences from development partners to LDCs will gradually decline.
- The fast growth rate and government revenue in the past were mainly from the contribution of natural resources, especially mining and hydropower, but the income of the people remains low as reflected in the fact that 70 percent of people still depend on agricultural production for their living. However, the agriculture sector grew on the average of 2.8 percent over the past 15 years, with an annual population growth rate of 2.2 percent. This shows that the income of people who depend on agriculture has increased only marginally. Economic development that relies on the natural resources sector also faces issues related to sustainable and green development.
- A large amount of capital inflow from exporting natural resource products, foreign direct investment and official development assistance could lead to real inflation, put pressure

on domestic price levels and lower competitiveness of the export manufacturing sector. This could become a constraint for our economic growth in the future⁴.

- There are other challenges and constraints: infrastructure remains inadequate and inconvenient, transport costs for exported and imported goods is high compared to other countries in the region, and direct connection by air with other countries is still limited and mostly requires connections in Thailand and Vietnam. In general, the management mechanisms are not smooth, preparation for regional and international integration is still limited, trade competitiveness compared to other countries in the region and at the international level is limited, enforcement of rules and laws by officers and people remains weak, social problems are widespread, and social justice is not ensured for everyone. Indeed, some women and children have been trafficked to work overseas illegally and they have become victims of violence, human trafficking, sexual exploitation and more.

2.2 2030 Vision

Based on the international environment, special characteristics, the actual situation of the country, and the strategic direction of development of Lao PDR, the government of Lao PDR defines the 2030 Development Vision as follows:

By 2030, make a new turn in development to become an upper middle income developing country following knowledge-based, green and sustainable socio-economic directions;⁵ per capita national income increases four times that in 2015; there are strong pillar industries and infrastructure to support industrialization and modernization; the socialist-oriented market economy is implemented more systematically; society has peace, justice, democracy and civilization; people from all ethnic groups have solidarity; development disparities between urban and rural areas and among people with different classes are reduced; quality of life and well-being of the people are raised; human resources are improved; people have access to good quality, universal social services; people's rights are protected under effective rule of law; public administration is strengthened in accordance with the Three-Build directive; the natural environment is protected and utilized effectively and sustainably; the political and government system is stable and strong; and the country integrates and links widely and deeply at regional and international levels.

⁴ If foreign direct investment and official development assistance decline by 10 percent annually between 2015 and 2020, overall economic growth rate would decline by 0.5 percent each year.

⁵ GNI per capita (GNI calculated using the Atlas method) is to be in between 5,800 and 18,000 US dollars for the Upper Middle Income Country threshold. By 2030, it is estimated that on average our country would reach 7,000 US dollars, increase of 4.5 times the GNI in 2015.

2.3 10-Year Socio-Economic Development Strategy (2016-2025)

The ten-year Socio-Economic Development Strategy (2016-2025) is the breakthrough strategy to develop our country for graduation from Least Developed Country status by 2020 and to continue the transition until definitive graduation by 2025. This strategy defines the overall direction, goals and targets and national strategies that are the priorities as the following:

2.3.1 Overall direction

- 1) Implement and translate the resolutions of the 10th and 11th Party Congresses into a Socio-Economic Development Strategy following strongly the Four Breakthroughs, to ensure firm political stability, and create a society of peace, democracy, civilization and justice.
- 2) Be determined and put the greatest effort to meet the criteria for graduation from Least Developed Countries category (LDCs) by 2020, build a foundation for continued and stable socio-economic development and avoid the middle income trap, and implement green and sustainable development goals (SDGs).
- 3) Develop proportionally to maintain balance among economic, cultural-social and human resources developments, and protection of the environment by having:
 - Economic development at the centre: by encouraging the economy to have continued, stable and quality growth in accordance with green and sustainable development principles; transform economic structure toward industrialization and modernization by focussing on agricultural production for food security, developing high value-added sectors and production that are related to industry and services, especially electricity generation and manufacturing and tourism supporting services, and moving toward a knowledge-based economy; promote development and use of advanced and environmentally friendly science and technology in production processes; use the comparative advantage potential of the country, sectors and the country's geographical division along with regional and international opportunities to maximize effectiveness; monitor and manage the macroeconomic situation to ensure stability, enhance competitiveness of small-medium enterprises and promote creation and development of new enterprises; and promote fund mobilization from all sectors of the economy into development.
 - Cultural-social development as ultimate development goals: by focusing on addressing poverty of the people and gradually improve their lives, protecting and promoting valuable national cultural heritage along with exceptional international cultures; developing human resources in both quantity and quality by putting great effort to develop the education, health and labour sectors in order to produce researchers, experts, technicians

and skilled labour in various fields; reducing maternal and child mortality and increasing the life expectancy of people by improving the social welfare sector, expanding the social safety net and increasing social justice, gender equality and equity among ethnic groups.

- Protection of the environment as a necessary condition: by emphasizing protecting and restoring the natural environment to ensure sustainability and green development, developing adaptive measures in response to climate change, ensuring effective use of natural resources for the greatest benefit while maintaining stability and sustainability.
- 4) Ensure social harmony and order, improve governance and public administration by laws to ensure rigorous enforcement; direct all ministries and central level organizations to play their roles in macro-management and enhance responsibility of local authorities, following strongly, firmly and sustainably the Three-Build directive.
- 5) Enhance cooperation, integration and linkage at regional and international levels, transform the country into a connecting and transit regional services centre to maximize benefits, participate in international activities with strong ownership in reference to the party and government's foreign policy, enhance competitiveness, and use market opportunities from neighbouring countries.

2.3.2 Overall goals and targets of the strategy up to the year 2025

- 1) Firmly maintain political stability based on continued improvement of the People's Democratic regime, under the leadership of the Lao People's Revolutionary Party, of strong, stable democracy. There is firm solidarity within the country; the society has peace, order and justice.
- 2) Develop the country for the transition period to definitively graduate from Least Developed Country status (LDCs) by 2025. Implement the sustainable development goals (SDGs) to obtain substantial progress and achieve all goals by 2030.
- 3) Gross domestic product, on average, grows at least 7.5 percent per annum. By 2025 gross domestic product reaches more than 2 times of that in 2015.
- 4) Reduce poverty of the people to less than 5 percent; make at least 60 percent of families development families; improve at least 70 percent of villages to become development villages.
- 5) Human resources are improved⁶; population in corresponding ages have at least lower secondary education. People have access to quality health services in all areas and life

⁶ By 2025, it is expected that Lao PDR will have a population of 7.67 million people and a labour force of 4.7 million people (based on trends of labour-force-age (15-60 years old) and population growth).

expectancy is at least 73 years. Improve sports to move toward the international level and promote some potential sports as careers. Lao people are covered widely by a social safety net; the labour force is improved in term of quantity and quality and meets the demand of the labour market. Produce more than 11 scientific researchers per ten thousand people and establish research institutes, training centres, technological transfer centres, science and technology centres and laboratories where necessary.

- 6) Protect and restore forest areas to cover at least 70 percent of total land area (including long rotation period of industrial plantation areas).
- 7) Lao PDR develops international friendship, is competitive in the production network and participates in regional and international integration processes; contributes to peacekeeping missions, friendship and development cooperation in the region and in the world.

2.3.3 National level strategies for ten-year socio-economic development (2016-2025)

To implement the directions, goals and targets mentioned above, we will focus on implementing seven national-level strategies.

2.3.3.1 Strategy on continued economic development in a quality, balanced, sustainable and green direction

1. Goals:

- 1) Steady and stable economic growth with an average annual growth rate of 7.5 percent
- 2) Stable macro economy.
- 3) Poverty continues to decline and people's well-being improves.
- 4) Ensure food production can meet domestic demand and support some exports.
- 5) Systematic zoning of development areas.

2. Priority activities:

- 1) Concentrate on managing and using macroeconomic policies appropriately to maintain macroeconomic stability and create a favourable environment for producing and doing business.
- 2) Focus on developing sectors that have potential and comparative advantages domestically, regionally and internationally by promoting investment from economic sectors into some national-level mega projects to turn into pillars and drivers to speed

up economic growth and boost government revenue, especially focusing on developing hydropower dam projects, railway projects, and industrial parks and special and specific economic zone development projects. At the same time, support development of moderate and slow growth sectors to ensure their sustainability, particularly tourism services, regional transiting services and high value-added agricultural production, by promoting and encouraging economic sectors, mainly small and medium enterprises, and production of the general population. Ensure careful, effective, stable, sustainable, and fair use of natural resources to maximize benefits to the country.

- 3) Define priority production projects, clearly determine production zones by region, with focus and correct balance according to their special characteristics and potential to become places for people to make their living and generate sustainable production.
- 4) Focus on comprehensive rural development and create mechanisms for people to participate in the development process inclusively, and ensure benefits from economic growth are distributed to people equitably.
- 5) Emphasize mobilizing and developing necessary supporting resources to meet development demand, especially sources of funds, labour and technology; raise efficiency of production and quality of products to ensure food security and have some surplus as commercial output.
- 6) Emphasize defining proportional and systematic development zones, mainly agricultural production areas, forest areas, water source areas, industrial production areas, urban and residential areas, infrastructure and other areas as appropriate.

2.3.3.2 Strategy for meeting the criteria for graduation from Least Developed Country status by 2020 and implementation of Sustainable Development Goals (SDGs)

1. Goals:

- 1) Concentrate on managing and using macroeconomic policies appropriately to maintain macroeconomic stability and create a favourable environment for producing and doing business.
- 2) Focus on the criteria for graduation from the Least Developed Countries category, especially per capita Gross National Income (GNI), Human Assets Index (HAI) and Economic Vulnerability Index (EVI).
- 3) Make progress on implementation of Sustainable Development Goals (SDGs)⁷.

⁷ These also include the Millennium Development Goals that have not been achieved in 2015 and have been integrated into the SDGs.

2. Priority activities:

- 1) Focus on meeting the criteria for graduation from Least Developed Countries category by expanding and implementing the Istanbul Programme of Action for the Least Developed Countries 2016-2020, focusing on eight priority areas: 1) strengthening productive capacity, particularly infrastructure, energy, science, technology and innovation, and private sector development; 2) developing agriculture, food security and rural development; 3) increasing international trade; 4) producing more diversified commodities and services; 5) developing social and human resource sectors, especially education, training, youth, gender, woman, social security and clean water for drinking and other uses; 6) addressing multiple crises and challenges, especially economic shocks, climate change and natural disasters; 7) mobilizing financial resources for development and capacity-building; 8) good governance at all levels.
- 2) Focus on and prioritize development of sectors that are related to Sustainable Development Goals (SDGs), specifically goals 2, 3 and 4 which have integrated MDGs that have not been achieved in 2015, such as goals related to under-nutrition, net primary enrolment ratio, maternal mortality rate and under-five mortality rate. In addition, continue to implement other MDGs that have not been achieved, such as areas of land released from unexploded ordinance.
- 3) Focus on mobilizing funds and strengthening cooperation with development partners to implement priority projects to achieve those goals

2.3.3.3 Strategy on human resources development

1. Goals:

Focus on developing human resources to raise quality of life of the people by emphasizing three areas:

- 1) Conduct and revolutionary morality: become people with good political thinking; be honest and determined; have good manners, solidarity, and a willingness to sacrifice; have an economical life style and love the country and socialist ideology.
- 2) Intelligence and skills: educate people to become intelligent, knowledgeable, creative and scientific, responsive, capable and skilful for development and love of life-long learning, and highly responsible and disciplined in their work.
- 3) Health and physique: be healthy and hygienic, have good nutrition, good physical condition and a long life span.

2. Priority activities:

To achieve those goals, the strategy on human resource development focuses on:

- 1) Providing training on political thinking, conduct and revolutionary morality to help people become aware, understand and adopt these matters into their lives so they can become good, virtuous people loyal to the country with a socialist ideology;
- 2) Improving appraisal and management of government officers, enhancing capability of leading and managing officers based on the administrative position line and administrative officers for higher effectiveness and efficiency; and improving compensation, subsidies and welfare of government officers appropriately;
- 3) Improving and reforming the education system by focusing on improving curricula; improving labour skill development with participation of enterprises, economic sectors and regional education institutes; providing infrastructure necessary for learning-teaching; expanding coverage of education and skill development by focusing on youth, women and the disadvantaged population; and widening and increasing efficiency of pre-school education; specially investing in children in rural areas and talented ones among disadvantaged children;
- 4) Promoting health and sanitation among the population by encouraging them to participate in healthcare activities so they become everyone's responsibility; putting special attention on nutrition to address the problems of undernourished and stunted children; improving health service infrastructure; producing and upgrading health officers and experts; promoting playing sport for good health;
- 5) Producing skilled labour, balancing demand and supply of labour under market mechanisms and raising the efficiency of labour for improved productivity, effectiveness and ability to meet demand;
- 6) Focusing on disseminating, promoting and raising the value of Lao culture among people. In addition, there is a need to develop other aspects of human resources that are related to other sectors such as enhancing resilience of people to risks, creating gender equality, and implementing various commitments under regional and international cooperation agreements.

2.3.3.4 Strategy for sustainable, efficient and green-direction protection and use of natural resources

1. Goals:

- 1) Develop and protect natural resources, namely land, forests, minerals, water sources and air for the best, sustainable, stable, fair and green-direction use.
- 2) Ensure the highest level of mitigation, response and adaptation to climate change.

2. Priority activities:

- 1) Focus on studying necessary legal documents and master plans related to protection and use of natural resources relevant to land, forests, minerals, water sources and air, namely legal documents and master plans related to the use of agricultural land, use of water with no contamination and in an environmentally friendly way, and keeping the air fresh and clean.
- 2) Develop the natural resources processing sector to create more added value, especially wood processing, mineral processing and clean water processing for commercial production for domestic consumption and export.
- 3) Develop and use renewable energy; focus on expanding economic sectors with minimal use of natural resources to replace income sources from natural resources which have gradually declined, such as promoting the use of planted trees instead of forest trees, developing organic agriculture, improving the service sector, mainly tourism and its supporting services, to raise their share of the gross domestic product.
- 4) Strengthen social and environmental impact management, examination and assessment systems.
- 5) Improve implementation mechanisms, coordination networks and the capacity of the national disaster management agency.

2.3.3.5 Strategy on improving enforcement of the rule of law of the people's democratic government

1. Goals:

- 1) Improve and develop the administrative structure, public administration by the constitution and laws, especially by strengthening the legislative body, administrative body and judicial organizations.

- 2) Improve all organizations under the government in accordance with the Three-Build directive consistent with the administration strategy of the country.
- 3) Improve legal frameworks, policies and regulations to make them comprehensive, concise and clear.
- 4) Horizontal and vertical coordination mechanisms are improved and harmonized.

2. Priority activities:

- 1) Focus on creating and improving laws and legal frameworks to make them comprehensive, consistent with the actual condition of the country, and enforceable; create and improve public management regulations to facilitate socio-economic development and improve the livelihood of people.
- 2) Define roles of each government agency clearly and precisely along with improving enforcement, efficiency and transparency of public management; divide tasks between central and regional levels following the Three-Build directive and make it more systematic with increased responsibilities and ownership at the local level;
- 3) Increase the role of National Assembly as representative of the rights and benefits of people from all ethnic groups. Enhance the list of basic national issues to be agreed upon; create and increase roles of the local-level National Assembly; pay increasing attention to addressing problems from actual monitoring; and improve the organizational structure of the National Assembly to be relevant to its position and roles.
- 4) Improve the work of government officer management. Formulate and implement a national government officer development strategy.
- 5) Improve judicial institutions, especially people's courts and the Ministry of Justice and improve the State Audit Organization for strong implementation; provide effective human resources and modern technology so they can execute their roles and responsibilities effectively and efficiently and at the same time be consistent with socio-economic growth in the new era.
- 6) Train and develop government officers to ensure higher capacity, better manners and ethics in executing their duties and improve the government officer management system in all respects.
- 7) Build and improve work allocation and coordination at all levels in accordance with the direction of clear allocation of work, rights and responsibilities; enhance ownership and responsibilities of local level authorities along with increased inspection of central level and vertical sectoral authorities.

2.3.3.6 Strategy on regional and international integration and connectivity

1. Goals:

- 1) Form new international friendships and develop bilateral and multilateral cooperation.
- 2) Be able to participate in regional and international integration with higher effectiveness and ownership.
- 3) Be competitive and take part in regional and international production networks more than before to make use of opportunities for the country.

2. Priority activities:

- 1) Continue to advance a foreign policy of peace, independence, friendship and cooperation, and have open and multi-pronged relationships with other countries and regions, keeping national interests at the fore; continue to strengthen relationship with friendly countries, and solidarity and all-round cooperation with socialist countries, including enhancing special solidarity and all-round cooperation with Vietnam, and a long-time relationship with China – they being good neighbours, friends and trustworthy partners. Expand relationships with other friendly countries, strengthen associations with countries sharing a common border, further deepen cooperation with developed and developing countries, the non-aligned movement, G77, francophone countries, landlocked developing countries, and international organizations by making other countries and international organizations our strong, stable and life-long partners.
- 2) Increase responsibilities in fulfilling international commitments for enforcement and benefits for the country. Increase political and economic roles of the country on the international platform; be progressive in attracting foreign direct investment, promoting cooperation, and mobilizing official development assistant from friendly countries, international organizations and funds through the round table process to support socio-economic development, in particular by focusing on mobilizing funds from key development partners.
- 3) Take ownership in the regional and international integration process especially ASEAN Economic Community (AEC), ASEAN+6 (China, Korea, Japan, New Zealand, Australia, India), the Greater Mekong Sub-region and the World Trade Organization. Continue to strengthen an environment friendly to investment and doing business, be selective in attracting investment projects by selecting those that have quality, expertise, modern technology transfer and employment, and market expansion opportunities. At the same time, put emphasis on enabling domestic enterprises to participate actively in regional and international production networks actively.

- 4) Continue to upgrade and develop land, railway and air transportation infrastructure to connect with neighbouring countries, and at regional and international levels; improve logistics services to make them more convenient, safe and modern.

2.3.3.7 Strategy on industrialization and modernization

1. Goals:

- 1) Increase effectiveness and efficiency of production of national economic projects.
- 2) Deploy and develop modern, clean and environmentally friendly technology.
- 3) Make available strong and modern infrastructure to support industrialization and modernization of various sectors and linking with regional and international high value-added production networks.
- 4) Support urbanization and modernization of life style to support economic growth and the well-being of people.

2. Priority activities:

- 1) Prioritize developing and enhancing the effectiveness and efficiency of environmentally friendly production of pillar industries. The hydropower sector is a pillar with respect to supplying energy supporting industrial production for domestic and export markets. Tourism and agro/food processing sectors are pillars as income generation sources for a majority of the population. Other manufacturing sectors (electronic, electrical appliances, construction materials, mineral processing and more) are pillars with respect to producing support linkages with regional and international production networks.
- 2) Focus on developing and increasing effectiveness, efficiency and modernization of various sectors to provide raw materials, funds, infrastructure and services necessary for industrialization and modernization, particularly agriculture-forestry to ensure food security and supply to the agro-processing industry; the banking sector to support funds and be an intermediary in business transactions that connect with domestic and regional production and marketing; telecommunication to facilitate communication and doing business; and the transportation and transit sector to support regional transit services.
- 3) Continue modernization of the services sector: fiscal-budget, education, health, information and culture, public administration-management, public services and more to make them convenient and modern, and ensure the operation of those sectors is of high quality, effective, efficient and supports overall industrialization and modernization.

- 4) Develop selective areas for industrialization and modernization by setting production areas by region. The northern region focuses on tourism and heavy industrial sectors; the central region focuses on services, food processing and light industrial including electronic and car parts and spare parts; and the southern region focuses on agriculture and agro-processing including coffee, wood processing, and rubber processing.
- 5) Improve and attract investment and development into specific and special economic zones that have been approved by the government, and prioritize industries that are relevant to regional and international production networks.
- 6) Produce and develop a labour force that has knowledge, ability and skills that are relevant to domestic and overseas job markets.
- 7) Use and develop advanced, modern and environmentally friendly science, technology and innovation for production process and to improve the livelihood of people.
- 8) Develop necessary and effective infrastructure for regional transportation and transit services.
- 9) Study, allocate areas and formulate development plans for transformation into small town, big town, capital and production areas to increase population density and create an adequate labour force, and facilitate infrastructure to support industrialization and modernization.

In addition, there is a need to pay attention to policies supporting industrialization and modernization, such as policies facilitating doing business especially for small and medium enterprises; stable macroeconomic management; promoting access, use and development of technology (innovation); promoting access to funds; enforcement of laws and regulations; human resources development; land allocation and development; and policies on promoting frugality and saving.

Part III

Policies, mechanisms and implementation measures

3.1 Policies

To implement these strategies and priority plans effectively and to be able to achieve the goals and targets, focus needs to be placed on researching and implementing the following policies:

- 1) Transform economic development from width to depth; change from focusing mainly on quantity to increasing productivity and production quality; increase investment effectiveness, appropriate and worthwhile use of resources including minimizing the use of raw materials, and save energy and reduce pollution; promote new inventions and deploy new methodologies that are environmentally and socially friendly.
- 2) Pay attention to balancing basic problems in the national economic system, especially balancing investment, growth and macro stability and balancing economic, social and environmental aspects, that is between production and use of resources, among investment, labour supply and demand, and between consumption and saving.
- 3) Implement the Three-Build directive successfully and expand it into other areas with appropriate conditions around the country. Create policies to support development, ensure more comprehensive equal, sustainable and green-direction development, especially investment and production promotion policies, macroeconomic management policies to ensure stability, human resource development policies, internal and external labour migration policies, regional development policies, environmental policies, domestic and international trade policies, regional and international integration policies, and other appropriate policies.
- 4) Continue implementing policies to widen and sustain international cooperation and regional and international integration, promote foreign direct investment for knowledge, science and technology transfer; attract Official Development Assistance from friendly countries.
- 5) Build necessary primary factors to at least the basic level, particularly financial resources, technology and science, information, human resources, entrepreneurs and the labour force.
- 6) Speed up implementing megaprojects, including energy, railways, expressways, airports,

transport and cargo loading services and other services to facilitate industrialization and modernization.

3.2 Implementation mechanism

The mechanism to implement the strategies and priority activities focuses on implementing planned market mechanisms and coordination mechanisms harmoniously, as follows:

1. Use a planning mechanism systematically and define roles of the government clearly:

The government translates this strategy into work plans, five-year plans, annual plans and sectoral and local level projects; increases capacity and effectiveness of public administration of the economy, improves regulations and economic management mechanisms to provide support:

- 1) Focus on fulfilling the role of macro-management by laws, policies and measures to facilitate the economy's stable growth.
- 2) Focus on adjusting, promoting and managing market mechanisms to maximize benefits from positive aspects of the market mechanism. Allow the market to have a role in allocating funds and using raw materials to maximum benefit; encourage entrepreneurs to innovate, deploy new science-methodology into production and services by improving the regulatory regime and making it more supportive and concise; be determined in addressing bottlenecks. At the same time, pay attention to negative aspects of the market ensuring that the economy grows on the right direction and has balances in all aspects consistent with national development goals to promote equality and justice in society with minimal development gaps among regions of the country and moderate income polarization in society.
- 3) Manage the market economy in accordance with the principles of socialism by using a reasonable income distribution system with the direction toward a fair and harmonious compensation for employees, entrepreneurs, the government and collective groups.
- 4) Focus on allocating revenue from natural resources more appropriately and fairly; allocate appropriately to the community and grassroots levels that are related to the projects; allocate some revenue for restoration of natural resources and human resource development.
- 5) Ministries and high-level government organizations are to fulfil their roles in comprehensive and rigorous macro-management by focusing on timely incorporation of resolutions of the party's congress and development strategies into development plans under their

responsibilities and providing directions on actual implementation. They are to focus on policy research to formulate more comprehensive sectoral management policies and laws; define a plan to enhance capacity of government officers in every sector and implement the plan; focus on scientific research and disseminate information about the use of new science and methodologies; emphasize monitoring, inspection, evaluation and encouraging local authorities and micro-level units to conform with laws, policies and other tasks of their respective sectors correctly and effectively.

- 6) Define clearly the rights, roles and responsibilities of central level and local level organizations, improve coordination mechanisms between vertical and horizontal administration lines and between collective action and task allocation, and allocate management responsibilities harmoniously.
- 7) Strengthen implementation of planning and fiscal discipline, be resolute in implementing fiscal and monetary policies, increase efforts to have fiscal and monetary policies that strongly promote our potential production and service sectors, including small and medium enterprises along with priority megaprojects, to build a foundation for stable growth.
- 8) Implement work plans, cooperation and integration projects under the Greater Mekong Sub-region and ASEAN and at the international level by taking strong ownership; study thoroughly and set up clear projects to attract assistance from development partners to explore and enhance our country's potential; improve and enhance the capacity of our country in every aspect; provide assistance between the government and private sector to widen cooperation at every level, in every direction and in every form for mutual benefit in the future.
- 9) Enhance enforcement of public and socio-economic management by law, and ensure that everyone in society is strictly under the constitution and laws, especially government officers who are to be role models in adhering to the laws, in developing and living transparently under the constitution and national laws; pay attention to protecting and extending the democracy of the people.

2. Use market mechanisms as management tool of the government to enhance the overall strength of the country and every sector in development:

- 1) Create conditions and facilitating mechanisms to help every sector of the economy grow and contribute strongly into the development process in order to transform the natural economy into a commercial economy and make the market economy in accordance with the direction of socialism more complete.

- 2) Provide “level playing field” policies to all economic agents; increase consistency of the legislative system to ensure all economic agents are able to operate equally under the law and at the same time have a good business environment so they can cooperate smoothly under market mechanisms and contribute to the expansion of the production base and development of the country, so they become more competitive in the regional and international integration process.
 - 3) Strengthen the state-owned economic sector to join forces with other economic sectors in socio-economic development of the country; improve state-owned enterprises to make them effective and modern by taking appropriate measures including restructure of ownership into joint ventures; conduct feasibility studies to establish new state-owned enterprises that are necessary and have conditions to perform effectively especially in sectors important to national defence and public security, sectors that can help increase revenue and sectors that can help the government increase provision of public services to the people more widely and universally, and that other economic sectors are not interested in or are unable to carry out.
 - 4) Strengthen economic sectors that have participation of people in various forms including family economy, family business and small-medium enterprises; formulate a comprehensive set of policies especially on provision of funds, new information and technology including technical and marketing aspects to facilitate this sector to operate in a lively way in the national economy.
 - 5) Implement domestic and foreign investment promotion to have a major contribution to national socio-economic development; continue to promote domestic and foreign direct investment with clear objectives and priorities. At the same time, improve the business environment in areas of agriculture and industry, particularly agro-processing, and services, to increase the strength and competitiveness of our economy.
- 3. Improve and develop coordination mechanisms between government agencies, government and business sectors, and government and private sectors into an effective, smooth, convenient and quick system:**
- 1) Restructure organizations under the government by making them more compact, efficient, and strong. Clearly define roles, rights, tasks and responsibilities of organizations at the central and local levels.
 - 2) Issue legislation for coordination and provision of data and information between the central and central levels, central and local levels, and vertical and horizontal lines, and allocate responsibilities for management and harmonious coordination.

- 3) Use mass media and social media for public campaigns and discussion, organize consultation workshops involving the public and private sectors on a regular basis especially for young entrepreneurs, business women and business associations.

3.3 Implementation measures

To implement the 10-year socio-economic development strategy (2016-2025) successfully is a task for the party, government, armed forces, and people. It is a task for every level, and every sector from the local to the central level. Measures to realize this strategy include mechanisms to create equality in understanding and translating into work, people and financial plans as follows:

1. Implementation measures:

- 1) High ranking officers from the government, ministry, ministry-equivalent organizations, the capital and provincial levels comprehend this strategy in their sectors and localities and at the same time supervise their sectors to translate the 10-year (2016-2025) strategy in their respective areas of responsibility into work plans, plans and projects that are practical in implementation. They must conduct in-depth research for each sector and define priorities to attract domestic and foreign investment and official development assistance.
- 2) Increase the roles of both public and private organizations, Lao Front for National Construction, mass organizations, individuals, civil society organizations, and domestic and foreign business sectors to participate in realizing this strategy.
- 3) The government office issues a decree on implementation, and the Ministry of Planning and Investment plays the central role in coordinating with relevant sectors at central and local levels in implementing and translating this strategy into more detail with the highest efficiency and effectiveness.

2. Measures on finance and financial sources for development:

- 1) Attract, identify and use financial sources from all economic sectors for development with clear objectives, especially from government revenue, official development assistance, domestic and foreign private investment, bank credits, saving associations, micro-finance institutions and from people's own savings.
- 2) Raise investment effectiveness and quality; reduce waste and extravagance of public investment. Public investment is to support the government's strategy and should go to industries and areas important to national security and that contributes significantly to the economy.

- 3) Measures for monitoring and managing implementation of the strategy:
- 4) Create mechanisms and plans for regular monitoring, inspection, evaluation and assessment of the implementation of this strategy. If there are emerging issues during the implementation of this strategy, adjustments need to be made to respond to the actual situation while following the directions of the central committee of the party.
- 5) Improve systems and tools for monitoring and evaluation of the implementation of this strategy to make them comprehensive.

Appendix 1: Tables of important social and economic indicators

Table 1: Economic growth and per capita gross domestic products

No.	Description	2001-05		2006-10		2011-14	2014-15
		Planned	Actual	Planned	Actual	Planned	Actual
1	GDP Growth Rate	7-7.5%	6.3%	7.5-8%	7.9%	8.1%	7.5%
2	Per Capita GDP	500-550	491	700-750	1,069	1,671	1,970

*(US Dollar)

Source: Department of Planning. Lao Statistics Bureau. Forecast figures are from the National Economic Research Institute.

* **Remark:** End-of-period figures

Table 2: Changes of economic structure

No.	Description	1999/00	2004/05	2009/10	2013/14	2014/15
1	Agriculture-forestry	46.2%	34.9%	28.9%	24.8%	23.7%
2	Industry-construction	17.9%	21.4%	26.9%	27.5%	29.1%
3	Services	35.9%	43.7%	44.2%	47.7%	47.2%

Source: Department of Planning. Lao Statistics Bureau. Forecast figures are from the National Economic Research Institute.

Table 3: Changes in labour force structure (2000-2015)

No.	Description	2005	2010	2015
1	Agriculture-forestry	78.5%	71.3%	65.3%
2	Industry-construction	4.8%	8.3%	11.4%
3	Services	16.7%	20.4%	23.3%

Source: Internal meeting of Ministry of Labour and Social Welfare held on 3 March 2015.

Table 4: Progress of MDG implementation as of 2013:

Millennium Development Goals	Indicators	Baseline	Progress	Target 2015
Goal 1: Eradicate Extreme Poverty and Hunger	1.1 Percentage of population below national poverty line (%)	46 (1992)	20.5 (2012/13)*	24
	1.8 Prevalence of underweight children under five years of age (%)	44 (1993)	27 (2011/2012)	22
	1.9 Prevalence of stunting in children under five years of age (%)	48 (1993)	38 (2011/2012)	34
Goal 2: Achieve Universal Primary Education	2.1 Net enrolment ratio in primary education (%)	58.8 (1992)	95.2 (2012)	98
	2.3 Proportion of pupils starting 1 who reach last grade of primary (%)	47.7 (1992)	70 (2012)	95
	2.4 Literacy rate of young population (15-24 years old) (%)	71.1 (1995)	73.1 (2011)	99
Goal 3: Promote Gender Equality and Empower Women	3.1 Ratios of girls to boys in each education level			
	Primary	0.79 (1990)	0.91 (2012)	1
	Lower Secondary	0.70 (1990)	0.89 (2012)	1
	Upper Secondary	0.67 (1990)	0.83 (2012)	1
Goal 4: Reduce Child Mortality	4.1 Under-five mortality (per 1,000 live births)	170 (1993)	79 (2011)	70
	4.2 Infant mortality (per 1,000 live births)	114 (1993)	68 (2011)	45
	4.3 Proportion of 1 year-old children immunized against measles (%)	67 (1995)	72 (2011)	90
Goal 5: Improve Maternal Health	5.1 Maternal mortality ratio (per 100,000 live births)	796 (1995)	357 (2009)	260
	5.2 Proportion of births attended by trained health personnel (%)	14 (2000)	42 (2011)	50
	5.3 Contraceptive prevalence rate (%)	13 (1990)	50 (2011)	55
	5.5 Antenatal care coverage (%)	21 (2000)	28.5 (2005)	60

Goal 6:	6.1	HIV prevalence in general population aged 15-49 years	0.1	0.28 (2012)	<1
Cobat HIV/AIDS, Malaria and Other Diseases	6.5	Death rate associated with malaria (per 100,000 people)	7.1 (2000)	0.3 (2011)	0.2
	6.8	Tuberculosis incidence (per 100,000 people)	492 (1990)	213 (2011)	240
Goal 7:	7.1	Proportion of land area covered by forest (%)	49.1 (1982)	40.34 (2010)	65
Ensure Environmental Sustainability	7.8	Proportion of population using an improved drinking water source (%)	28 (1990)	70 (2011)	80
	7.9	Proportion of population using an improved sanitation facility (%)	17 (1995)	57 (2011)	60
Goal 9:	9.1	Number of hectares released from UXO contamination (hectares/year)	580.77 (1999)	6,034 (2011)	20,000
Reduce Impact of UXO in Lao PDR	9.2	Number of casualties reported as result of UXO incidents (casualties/year)	257 (1999)	99 (2011)	<75

Source: The Millennium Development Goals Progress Report for the Lao PDR 2013

* Report of the Seventh Five-year (2011-2015) Socio-Economic Development Plan Mid-Term, Ministry of Planning and Investment, 2013.

Appendix 2: Selected targets of the strategy up to 2030

Target	2014/15	2020	2025	2030
GDP, current price (billion Kip)	102,320	187,931	344,339	630,922
GDP per capita (USD)	1,970	3,197	5,257	8,922
GNI per capita (USD) (Atlas method)	1,554	2,522	4,146	7,037
Population (million people)	6.49	7.08	7.67	8.15
Poverty incidence (% of a total population)	23.2 (2013)		≤5	
Life expectancy (years)	66.9	72	>73	
Number of scientists (per 10,000 people)	1.1		11	
Forest area (% of land area)	40.3 (2012)		≥70	
Number of development villages (% of the total number of villages)	27.7% (2012)		>70	
Trade openness (ratio of the sum of import and export to GDP)		At least 70%	At least 95%	More than 100%
Expansion of M2	23.25% (2001-15)	Not more than 24%		
Revenue (billion Kip)	24.6% GDP (2011-15)	18-20% GDP	19-21% GDP	
Expenditure	29.3% GDP (2011-15)	Not more than 25% GDP	Not more than 26% GDP	

Remark:

- 1) Average GDP growth rate is at 7.5% per annum (during 2016-2025). If this rate of growth continues, the country would be able to move out from the Upper Middle Income country status or become a High Income country in 2041. That would mean 17 years in the Lower Middle Income classification and 13 years in the Upper Middle Income classification. If the growth rate slows down (after implementing the 10-year strategy) from 2026 onward to 7%, the country would be able to move out from the Upper Middle Income classification in 2042. If the growth rate slows down to 6.5% from 2026 onward, the country would move out from the Upper Middle Income classification in 2043.
- 2) Figures of revenue and expenditure estimates for 2016-2020 are from the 8th Five-year Socio-Economic Development Plan, Ministry of Planning and Investment. Revenue and expenditure estimates for other years are from Vision up to 2030 and up to 2025 Fiscal Development Strategy of Ministry of Finance.
- 3) The latest thresholds for country classification by income of the World Bank are based on 2014 figures and released in 2015. The thresholds for 2030 are estimated by the National

Economic Research Institute based on rates of changes of the thresholds in the past. The estimate selects the reference period that is most relevant to the current situation and assumes the threshold grows about 2% as in the following table:

Classification by income	2014	2015	2020	2025	2030
Low Income (L)	< 1,045	<1,070	<1,190	<1,330	<1,480
Lower Middle Income (LM)	1,045-4125	1,070-4200	1,190-4,700	1,330-5,200	1,480-5,800
Upper Middle Income (UM)	4,126-12,735	4,200-13,000	4,700-14,500	5,200-16,200	5,800-18,000
High Income (H)	>12,735	>13,000	>14,500	>16,200	>18,000

Appendix 3: Thresholds and criteria of the Least Developed Country classification and progress of implementation

I. Least Developed Country Criteria:

The Least Developed Countries (LDCs) are countries with vulnerable and weak economic and social status as compared to other countries in the world. That makes LDCs the most vulnerable to crises including economic crises and natural disasters, which recently have been occurring more frequently. The vulnerability is measured by 1) gross national income per capita (GNI per capita), which measures economic development; 2) level of human development represented by the Human Asset Index (HAI) which measures social development; and 3) economic vulnerability of the country represented by the Economic Vulnerability Index (EVI) which measures how vulnerable the economic structure is to impact from external shocks and crises.

Each threshold is revised triennially to reflect the world socio-economic condition in the past three years.

- 1) The threshold for GNI per capita is based on the level of GNI per capita the World Bank defines for identifying low-income countries.
- 2) Human Assets Index is a composite index composed of health/nutrition and education indicators. Health/nutrition indicators include 1) percentage of the population undernourished; and 2) under-five mortality rate. Education indicators include 1) gross secondary school enrolment ratio and 2) adult literacy rate.
- 3) Economic Vulnerability Index (EVI) is measured by eight indicators: 1) population; 2) remoteness; 3) merchandise export concentration; 4) share of agriculture-forestry in GDP; 5) share of population in low elevated coastal zones; 6) instability of agricultural production; 7) instability of exports of goods and services; and 8) victims of natural disasters.

The latest thresholds for graduation from the Least Developed Countries category are defined for 2015 review as follows:

1. GNI is at least 1,242 US dollars/capita/year.
2. HAI is at least 66
3. EVI is not more than 32

In 1991 CDP defined three more criteria: developing countries with populations greater than 75 million people will not be included in the list of LDCs as a large population is a condition for human development, labour availability, and markets for the economy. However, in reality there are countries with populations greater than 75 million people (for example, Bangladesh has more than 150 million people) included in the list of LDCs. This is because the country still has

social and economic vulnerability and being in the list would allow the country to receive special preferences and development assistance.

II. Criteria to graduate from the Least Developed Countries category

To graduate from the Least Developed Countries category or from the list of Least Developed Countries, the country needs to meet one of two criteria:

Case 1: The income-only graduation criteria. GNI per capita is twice the normal graduation threshold, that is two times of 1,242 US dollars or having GNI at least 2,484 US dollars/person/year.

Case 2: Meet two out of three graduation criteria in two consecutive triennial reviews.

If a country meets the graduation criteria but does not want to graduate from the list, the country can submit its reasons to stay.

III. Procedures for inclusion in and graduation from the list of LDCs

After the expert group from CDP conducts the triennial review and identifies a country for inclusion into the list of LDCs, the United Nations Department of Economic and Social Affairs (DESA) notifies that country's government of this conclusion with the country assessment attached.

If the country expresses formal acceptance or no formal objection, CDP reports the findings and makes recommendation to the ECOSOC for further procedures of official approval at the General Assembly. If the country expresses a formal objection, DESA will take note and will not include the country in the list to be recommended for ECOSOC.

Countries that express a formal objection will not be included into the list. For example: Ghana, Papua New Guinea and Zimbabwe have objected CDP's review. They feel that the findings of the CDP have not reflected correctly the social and economic situation of those countries.

The procedure for graduation from the Least Developed Countries category or from the list of Least Developed Countries is that every three years the Committee for Development Policy (CDP) under the United Nations makes a review and recommends LDC graduation. The latest review is in 2015; the next triennial reviews will be in 2018 and 2021.

IV. Progress of the implementation of the Least Developed Country graduation thresholds and criteria for Lao PDR

Based on the 2015 review of the list of Least Developed Countries, the results for Lao PDR are as follows: GNI achieved 1,232 US dollars or 99% of the threshold, HAI was at 60.8 or 92% of the threshold; and EVI reached 36.2 or 88% of the graduation threshold. As a result, in the 2015 review Lao PDR did not meet any criteria.

However, it is expected that we would be able to meet graduation thresholds of two indicators - GNI and HAI - in the 2018 review. This means that Lao PDR will be able to meet the graduation criteria for the first time. The next review will be in 2021. If in the 2021 review we meet the graduation criteria, CPD will recommend Lao PDR for graduation in 2024.

Therefore, based on the above analysis, by 2020 we will only partially meet the graduation criteria. We will not be able to officially graduate from the list of Least Developed Countries by that time as the graduation procedure takes at least three years after the country is first considered for graduation.

Appendix 4: Sustainable Development Goals (SDGs)

On September 25, 2015, representatives of 193 United Nations member states, including Lao PDR, adopted the 2030 Development Agenda titled “Transforming our world: the 2030 Agenda for Sustainable Development”. The agenda includes 17 goals (169 targets). Lao PDR proposes the 9th MDG, which was not fully achieved in 2015, to be the 18th Sustainable Development Goal, making the full list as follows:

- Goal 1: End poverty in all its forms everywhere
- Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Goal 3: Ensure healthy lives and promote well-being for all at all ages
- Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Goal 5: Achieve gender equality and empower all women and girls
- Goal 6: Ensure availability and sustainable management of water and sanitation for all
- Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all
- Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- Goal 10: Reduce inequality within and among countries
- Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable
- Goal 12: Ensure sustainable consumption and production patterns
- Goal 13: Take urgent action to combat climate change and its impacts
- Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss

Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Goal 17: Strengthen the means of implementation and revitalization of the Global Partnership for Sustainable Development

Goal 18: Reduce the impact of UXO in Lao PDR

Details of targets of each goal will be defined later.

Appendix 5: Indicators for the Least Developed Countries Review in 2015

Abbreviations:

GNI: Gross National Income

EVI: Economic Vulnerability Index

HAI: Human Asset Index

HDI: Human Development Index

PI: Poverty Index

No	Year	Criteria												Meet the graduation criteria
		GNI per capita (Dollar Atlas)			HAI			EVI						
		2009	2012	2015	2009	2012	2015	2009	2012	2015	2009	2012	2015	
	Threshold	1.086	1.190	1.242		66	66	66	38	32	32	32	32	
	Country													
1	Afghanistan	301	357	672	15.22	22.54	43.12	39.52	38.83	35.11				
2	Angola	1.963	3.747	4.518	26.01	31.60	41.91	49.77	51.29	39.73				Achieved
3	Banladesh	453	637	926	43.34	54.68	63.80	23.21	32.41	25.11				
4	Benin	537	763	753	41.15	41.11	50.13	42.50	36.16	31.19				
5	Bhutan	1.487	1.700	2.277	58.64	59.05	67.86	52.93	44.19	40.19				Achieved
6	Burkina Faso	417	507	666	33.24	29.18	36.53	43.81	37.55	37.46				
7	Burundi	100	153	239	22.07	20.82	41.02	56.81	57.16	49.87				
8	Cambodia	490	707	852	57.77	57.93	67.17	55.63	50.47	38.27				
9	Central African Republic	363	447	439	27.24	21.55	22.92	45.06	35.65	33.52				
10	Chad	463	593	444	20.00	18.06	24.39	53.53	52.82	45.95				
11	Comoros	667	727	855	48.22	45.29	54.16	56.94	49.90	45.85				
12	Democratic Republic of the Congo	130	170	386	22.63	21.69	29.89	49.27	35.39	30.29				
13	Djibouti	1.050	1.235	1.629	44.51	42.43	54.56	51.20	46.30	37.69				
14	Equatorial Guinea	8.957	15.090	16.089	49.49	43.03	54.81	60.54	43.69	39.34				Achieved
15	Eritrea	197	293	444	36.21	35.61	41.16	55.46	58.99	56.75				
16	Ethiopia	190	343	395	28.40	28.16	39.18	32.04	33.48	31.81				
17	Gambia	287	433	509	42.59	49.23	62.11	56.27	67.79	70.66				
18	Guinea	413	377	485	37.40	36.77	38.72	27.90	28.60	24.86				
19	Guinea-Bissau	187	547	567	33.82	34.21	44.82	60.53	60.52	53.55				
20	Haiti	490	645	696	39.79	35.57	39.32	52.19	47.31	34.12				
21	Kiribati	1.048	1.937	2.489	87.62	86.88	86.25	75.25	81.99	71.53				Achieved
22	Lao people's Democratic Republic	510	913	1.232	62.28	61.36	60.85	59.89	37.06	36.24				

23	Lesotho	940	1,050	1,374	61.87	62.06	62.92	49.94	45.86	42.91	
24	Liberia	133	190	340	30.61	38.55	46.24	65.46	60.97	57.92	
25	Madagascar	297	417	430	45.54	52.49	53.45	37.17	38.04	36.71	
26	Malawi	233	307	410	46.23	44.15	53.72	55.88	51.93	41.09	
27	Mali	470	563	666	32.64	30.17	45.49	42.32	36.78	33.29	
28	Mauritania	733	987	1,261	54.65	47.09	49.49	47.13	44.19	41.18	
29	Mozambique	307	420	546	27.52	30.72	41.75	48.68	44.37	38.06	
30	Myanmar	306	704	1,063	66.05	68.81	72.70	37.39	45.01	33.70	
31	Nepal	320	420	659	58.34	59.83	68.68	33.65	27.77	26.80	Achieved
32	Niger	267	347	389	22.84	24.28	34.75	45.84	38.63	37.63	
33	Rwanda	283	477	592	33.03	42.20	51.52	55.05	47.26	40.73	
34	Sao Tome and Principe	810	1,113	1,431	72.07	74.90	77.43	54.97	46.08	39.24	Achieved
35	Senegal	773	1,063	1,006	40.74	47.04	55.89	37.58	36.14	32.99	
36	Sierra Leone	237	333	567	20.42	24.79	34.76	50.67	48.50	48.93	
37	Solomon Islands	683	1,013	1,402	64.11	65.07	71.71	57.98	55.25	50.79	Achieved
38	Somalia	282	201	119	9.35	1.38	7.84	62.63	50.10	36.26	
39	South Sudan	-	-	573	-	-	29.11	-	-	55.96	
40	Sudan	787	1,213	1,511	51.41	52.64	56.55	52.86	44.44	49.94	
41	Timor-Leste	1,070	2,233	3,767	53.95	48.14	57.38	56.70	53.35	54.98	Achieved
42	Togo	350	460	491	42.56	45.49	58.68	42.79	35.36	33.55	
43	Tuvalu	2,544	4,993	5,788	88.36	88.05	88.82	79.69	63.93	53.98	Achieved
44	Uganda	303	463	663	51.28	45.78	53.63	51.91	36.23	31.77	
45	United Republic of Tanzania	373	497	779	40.58	40.10	51.98	31.02	28.69	28.77	
46	Vanuatu	1,737	2,540	2,997	72.28	77.69	81.25	62.30	46.78	47.70	Achieved
47	Yemen	767	1,020	1,234	52.13	52.34	59.79	44.90	38.47	35.43	
48	Zambia	647	1,010	1,327	40.68	36.88	40.85	52.79	53.03	45.61	

Appendix 6: List of countries by the World Bank income classification

Low-income economies (\$1,045 or less)		31 countries
Afghanistan	Gambia. The	Niger
Benin	Guinea	Rwanda
Burkina Faso	Guinea-Bissau	Sierra Leone
Burundi	Haiti	Somalia
Cambodia	Korea. Dem. People's Rep	South Sudan
Central African Republic	Liberia	Tanzania
Chad	Madagascar	Togo
Comoros	Malawi	Uganda
Congo. Dem. Rep	Mali	Zimbabwe
Eritrea	Mozambique	
Ethiopia	Nepal	
Low-middle-income economies (\$1,046 to \$4,125)		51 countries
Armenia	Indonesia	Samoa
Bangladesh	Kenya	São Tomé and Príncipe
Bhutan	Kiribati	Senegal
Bolivia	Kosovo	Solomon Islands
Cabo Verde	Kyrgyz Republic	Sri Lanka
Cameroon	Lao PDR	Sudan
Congo. Rep	Lesotho	Swaziland
Côte d'Ivoire	Mauritania	Syrian Arab Republic
Djibouti	Micronesia. Fed. Sts	Tajikistan
Egypt. Arab Rep	Moldova	Timor-Leste
El Salvador	Morocco	Ukraine
Georgia	Myanmar	Uzbekistan
Ghana	Nicaragua	Vanuatu
Guatemala	Nigeria	Vietnam
Guyana	Pakistan	West Bank and Gaza
Honduras	Papua New Guinea	Yemen. Rep
India	Philippines	Zambia
Upper-middle-income economies (\$4,126 to \$12,735)		53 countries
Albania	Fiji	Namibia
Algeria	Gabon	Palau
American Samoa	Grenada	Panama
Angola	Iran. Islamic Rep	Paraguay
Azerbaijan	Iraq	Peru
Belarus	Jamaica	Romania
Belize	Jordan	Serbia
Bosnia and Herzegovina	Kazakhstan	South Africa

Botswana	Lebanon	St. Lucia
Brazil	Libya	St. Vincent and the Grenadines
Bulgaria	Macedonia. FYR	Suriname
China	Malaysia	Thailand
Colombia	Maldives	Tonga
Costa Rica	Marshall Islands	Tunisia
Cuba	Mauritius	Turkey
Dominica	Mexico	Turkmenistan
Dominican Republic	Mongolia	Tuvalu
Ecuador	Montenegro	
High-income economies (\$12,736 or more)		80 countries
Andorra	Germany	Poland
Antigua and Barbuda	Greece	Portugal
Argentina	Greenland	Puerto Rico
Aruba	Guam	Qatar
Australia	Hong Kong SAR. China	Russian Federation
Austria	Hungary	San Marino
Bahamas. The	Iceland	Saudi Arabia
Bahrain	Ireland	Seychelles
Barbados	Isle of Man	Singapore
Belgium	Israel	Sint Maarten (Dutch part)
Bermuda	Italy	Slovak Republic
Brunei Darussalam	Japan	Slovenia
Canada	Korea. Rep	Spain
Cayman Islands	Kuwait	St. Kitts and Nevis
Channel Islands	Latvia	St. Martin (French part)
Chile	Liechtenstein	Sweden
Croatia	Lithuania	Switzerland
Curaçao	Luxembourg	Taiwan. China
Cyprus	Macao SAR. China	Trinidad and Tobago
Czech Republic	Malta	Turks and Caicos Islands
Denmark	Monaco	United Arab Emirates
Estonia	Netherlands	United Kingdom
Equatorial Guinea	New Caledonia	United States
Faroe Islands	New Zealand	Uruguay

Finland	Northern Mariana Islands	Venezuela. RB
France	Norway	Virgin Islands (U.S.)
French Polynesia	Oman	

Research and Drafting of 2030 Vision and 10-Year Socio-Economic Development Strategy (2016-2025)

Board and Members

1. Advisory Board:

Mr. Somsavath LENGSAVATH
Mr. Somdy DOUANGDY
Dr. Bounthavy SISOUPHANTHONG

2. Editorial Team:

Dr. Leeber LEEBOUAPAO
Mr. Souphit DARACHANTHARA
Dr. Sthabandith INSISIENMAY

3. Main Authors:

Dr. Leeber LEEBOUAPAO
Dr. Sthabandith INSISIENMAY
Dr. Sitthiroth RASPHONE
Dr. Saykham VORADETH
Dr. Vanthana NOLINTHA
Dr. Thanongsai SOUKHAMTHAT
Mrs. Latdavanh SONGVILAY
Dr. Chansathith CHALEUNSINH

4. Supporting Team:

Mr. Sengdao YANAOTOU

Mrs. Khammerng BANNALATH

Mrs. Phonesavanh SITTIDETH

Mr. Chansamone VONGPHAISITH

Ms. Amphaphone SAYASENH

Mrs. Dorkfa SIYOTHA

Mr. Vanxay SAYAVONG

Mr. Soulaxay BOUNTHIDETH

**Ministry of Planning and Investment
National Economic Research Institute**

5th Floor MPI Building

Souphanouvong Avenue, Sithan Nuea Village. Sikhottabong District

Tel & Fax: +856 21 245826

Email: info@neri.gov.la

Website: www.neri.gov.la

PRINTING SUPPORTED BY UNICEF



for every child