



Lao People's Democratic Republic
Peace Independence Unity Prosperity

**FIVE YEAR NATIONAL
SOCIO-ECONOMIC
DEVELOPMENT PLAN VIII (2016-2020)**

Ministry of Planning and Investment
Vientiane Capital

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FOREWORD

The Five-Year National Socio-Economic Development Plan VIII (2016-2020) (8th NSEDP) is a means of implementing the National Strategy on Socio-Economic Development until 2025 and Vision until 2030. The 8th NSEDP aims to: i) facilitate eligibility for graduation from the least developed country (LDC) status by 2020; ii) consolidate regional and international integration in the context of the launching of the Association of Southeast Asian Nations (ASEAN) Economic Community in 2015; iii) take further steps towards inclusive and sustainable industrialization and modernization and to enhance the well-being of the people and the prosperity of the country. The 8th NSEDP implements the People's Revolutionary Party Resolution X.

The 8th NSEDP has been designed as a results-oriented plan. The Plan's overall objective derives from Party Resolution and Government directions, a thorough analysis of what has been achieved in the 7th NSEDP to date, the reasons for successes and the reasons for the challenges which remain. The core overall objective of the Plan is Lao PDR's graduation from LDC status. To achieve this objective the 8th NSEDP has three outcomes, each with a set of performance targets which need to be achieved within the Plan period if the overall objective is to be achieved. The three outcomes are based on the three categories of assessment required for recognition as being eligible for graduation from LDC status.

The design of the 8th NSEDP has identified 20 outputs, the performance targets of which must be achieved if the three outcomes are to be achieved. To achieve Outcome 1, seven of the output targets need to be met. For Outcome 2, seven outputs need to be met, while for Outcome 3, three outputs need to be met. Three additional cross-cutting outputs have been identified, the performance targets of which need to be achieved for the three outcomes to be reached. Broadly speaking, the core objective and three outcomes are national level measures, while the outputs are sector level.

NOTE: The M&E Framework is currently in the final stages of preparation following extensive collaboration with line ministries and development partners. The final M&E Framework will be appended to the final version of the 8th NSEDP and the text of the Plan will be coordinated with the finally agreed indicators and targets of the M&E Framework: the main direction of the Plan will remain as presented in this draft of the 8th Plan.

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PART I:

7th NSEDP (2011-2015) ACHIEVEMENTS AND LESSONS LEARNED

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PART I: 7TH NSEDP (2011-2015) – ACHIEVEMENTS AND LESSONS LEARNED

1 TARGETS AND DIRECTIONS OF THE 7th NSEDP (2011-2015)

1. The 7th NSEDP (2011-2015) set out targets aimed to achieve sustainable economic growth and reduce poverty, while gradually transforming Lao PDR into a more open, private sector led economy and prioritizing the achievement of the Millennium Development Goals (MDGs) by 2015. The 7th NSEDP had four overall targets:

- Ensure continuation of national economic growth with security, peace and stability and ensure a GDP growth rate of at least 8 percent annually and GDP per capita of at least US\$1700 by 2015;
- Achieve the MDGs, reduce poverty and integration into the ASEAN Economic Community (AEC) by 2015, as well as adopt appropriate technology and create favourable conditions to graduate from Least Developed Country (LDC) Status by 2020;
- Ensure sustainable development by emphasizing economic development alongside cultural and social progress, preserving natural resources and protecting the environment, and reducing risks from natural disasters and adoption to climate change; and
- Ensure political stability, peace and an orderly society, safety of the people, and ensure widened regional and international integration.

2. To achieve these overall targets, the NSEDP focused on:

- Macro-economic growth to ensure sustainable and inclusive economic development, poverty reduction, and modernization of the economy;
- Eradicating poverty with appropriate mechanism, reducing the gaps between urban and rural areas, and promoting equality between rich and poor;
- Human resource development through education reforms and emphasis on upgrading quality and expansion of educational opportunities and livelihood promotion, improvement of skills, health and sanitation and training to produce skilled workers;
- Increasing the effectiveness of public administration and rule of law at all levels including preventing corruption;
- Enhancing national power by optimizing the use of natural resources, increasing regional cooperation and integration, developing a comprehensive socio-economic infrastructure and investment promotion policies, and implementing strategies towards industrialization and modernization.

2 Global, regional and domestic context

2.1 Global and regional context

3. Over the past five years, the 7th NSEDP has been implemented in a challenging environment, due to a number of international and regional incidents that have both directly and indirectly impacted economic growth and social unrest. Global issues which have had an effect include (i) the debt and financial crisis in the United States, Ireland and other countries in the European Union (EU); (ii) increased global fuel and some food prices; (iii) political unrest in the Middle East and North Africa, in particular the war in Libya; and (iv) the devastating earthquake and tsunami in Japan in March 2011. As a result of those incidents, economic growth of developed and developing countries has been slowing down. The world economic growth rate declined from 4.3 percent in 2010 to 2.7 percent in 2011 and 2.5 percent in 2012¹. In the United States, the economic growth rate decreased from 3.5

¹Source: World Bank

percent in 2010 to 2.2 percent in 2011; Japan's economic growth rate decreased from 3.3 percent to 1.4 percent; and in China, the rate decreased from 10.9 percent to 9.6 percent. For ASEAN countries, economic growth rate decreased from 5.6 percent in 2010 to 5.3 percent in 2011 in which Singapore decreased from 13.5 percent to 7.4 percent; Indonesia slightly increased from 6.4 percent to 6.5 percent; Malaysia's growth also rose from 4 percent to 5.1 percent; Thailand's growth rate decreased from 9 percent to 3.2 percent; and in Viet Nam the growth rate decreased from 6.5 percent to 6.2 percent. For countries within the EU, the economic growth rate is expected to stay at 1.1 percent due to the impact of public debt that has widely impacted financial institutions, production and business units of public and private sectors, as well as high levels of unemployment. It is estimated that the European Union economy will slowly recover in 2014 if financial problems do not worsen; and the growth rate is estimated to be around 1.3 percent.

4. In 2014, global economic growth slowly rose from 2.5 percent in 2012 to 3 percent in 2013. The economic growth rate of many Asian countries also increased (5.5 percent in India, 6.4 percent in Indonesia, 3.2 percent in Japan, 5.4 percent in Malaysia, 4.2 percent in Thailand, and 4.8 percent in Viet Nam. The economic growth rate of the United States is projected to increase from 2.1 percent in 2013 to 2.6 percent in 2014 if financial, real estate and unemployment problems have been tackled. EU countries and China grew at a rate of -0.4 percent and 7.6 percent respectively.

2.2 Domestic Context

5. Since 2010, the country has experienced political stability, peace and social order which have supported development and facilitated business-investment, production-services and investment. The movement of "love nation and development", efforts by Party members' and Government officials' and the populace's support to the IX People's Party Congress, the Vientiane 450th anniversary in 2010, the 36th National Day anniversary (2nd December) and many other important national events have been driving forces for 7th NSEDP implementation. Floods during the rainy season of fiscal year 2012-2013 that swept throughout the country caused considerable damage to cultivated areas, infrastructure and housing. The Government has been determined to address the issues especially by providing funding to enabling continued economic growth and stability.

6. Over the past five years, the 7th NSEDP has been implemented concurrently with the implementation of the resolution of the IX Party Congress, army and the people of Lao People's Democratic Republic (Lao PDR). Lao PDR has had the honor of hosting many important international meetings such as the 7th Asia-Europe Parliamentary Meeting and the 9th Asia-Europe Summit in October and November 2012 respectively; the 6th Cambodian-Lao-Myanmar-Viet Nam Summit (CLMV); the 4th Aryavady-Chaophaya- Mekong Economic Cooperation Summit (ACMECS) 12-13 March 2013, and the 35th ASEAN Inter-Parliamentary Assembly (AIPA) meeting in 2014. These are considered to be important historic events and opportunities for partner countries and development partners to understand the development and potential condition of the country, the Government's consistent foreign cooperation policy, as well as to elevate the country's role in the international arena. In addition, Lao PDR became a member of the World Trade Organization (WTO) on 2nd February 2013 and hosted the 16th ASEAN University Games in December 2012.

3 KEY MACRO-ECONOMIC ACHIEVEMENTS OF THE 7th NSEDP IMPLEMENTATION

3.1 Economic Growth

7. Over the past five years of implementation, Lao PDR has enjoyed continued and stable economic growth and social order which has resulted in increased employment and improved well-being; low inflation rates; satisfactory levels of production in agriculture, industry and the services sector; and increased imports and exports, public and private investment. Furthermore, revenue

collection achieved targets in each year and public expenditure management has met administrative expenditure in terms of salaries for government officials and investment spending. Poverty rates decreased from 27.6 percent in 2008 to 23.2 percent in fiscal year 2012-2013 (LECS V). The Human Development Index (HDI) has also increased gradually from 0.549 in 2010 to 0.569 in 2013 in which Lao PDR was classified as country with medium level of human development and ranked number 139 in 2013 (out of 187 countries)².

3.2 Economic Growth

8. Economic growth over the past five years has continued at an average rate of 7.9 percent per year (target of >8 percent). This continuous economic growth is due to the appropriate macro-economic management measures and mechanisms of the Government, peace in the country, social order, political and economic stability, and increased regional and international integration.

Table 1: Comparison between GDP Growth Rates of each Fiscal Year with the 7th NSEDP Targets (2011-2015)

Description	7 th NSEDP Targets (2011-2015)	Actual 2010-11	Actual 2011-12	Actual 2012-13	Actual 2013-14	Actual 2014-15	Average (5 years)
GDP growth	>8 %	8.1%	8.3%	8.0%	7.8%	7.5%	7.9%
– Agriculture-Forestry	3.5%	2.9%	2.8%	3.1%	3%	3%	
– Industry	15%	15.8%	14.4%	7.4%	8.5%	8.9%	
– Service	6.5%	7.8%	8.1%	9.7%	9.3%	9.1%	

Source: Report on NSEDP Achievements in each fiscal year from 2010-2011 to 2014-15

9. *Gross Domestic Product (GDP) per Capita* increased from US\$1,217 in fiscal year 2010-2011 to US\$1,671 in 2013-2014 and is expected to reach US\$1,857 by the fiscal year 2014-2015, which is US\$157 over the target (target of US\$1,700).

Table 2: Gross Domestic Product (GDP) per Capita

Year	Population Size (millions)	GDP (Present Value) (Billion Kip)	7th NSEDP Target (US\$/person)	Actual (US\$/person)	Comparison Actual/Plan (%)
2010-2011	6.3	62,458	1,155	1,217	5.4%
2011-2012	6.5	70,343	1,332	1,349	1.3%
2012-2013	6.6	80,199	1,520	1,534	0.9%
2013-2014	6.8	90,823	1,674	1,671	-0.01%
2014-2015	6.9	10,320	1,860	1,857 ³	-0.2%

Source: Annual NSEDP and Lao Statistics Bureau, Ministry of Planning and Investment

10. *Changes in economic structure:* There has been a gradual change from agriculture-forestry to industry in line with the directions of the Five Year Plan. The agriculture-forestry sector decreased from 27.9 percent in 2010-2011 to 24.8 percent in 2013-2014 and is expected to decrease to 27.9 percent by 2014-2015. The industry sector, however, increased from 26.9 percent in 2010-2011 to 27.5 percent in 2013-2014 and by 2014-2015 it is estimated increase to 29.1 percent (target of 39 percent). The service sector increased from 45.2 percent in 2010-2011 to 47.7 percent in 2013-2014, and it is estimated that by 2014-2015 it will reach around 47.2 percent (target of 38 percent).

²From 2014 Human Development Report

³Estimated figure for the fiscal year.

Table3:Changes ineconomic structureagainst the 7th NSEDP(2011-2015)

Description	Targets by 2015 (5year plan)	Actual Year 2010-11	Actual Year 2011-12	Actual Year 2012-13	Actual Year 2013-14	Estimate Year 2014-2015
GDP at current price (billion Kip)	104,000	62,458	70,343	80,199	90,823	102,320
Structure (%)	100	100	100	100	100	100
- Agriculture-Forest (%)	23,0	27,9	26,7	25,2	24,8	23,7
- Industry (%)	39,0	26,9	29,6	28,0	27,5	29,1
- Services (%)	38,0	45,2	43,7	46,8	47,7	47,2

Source: 7th National Socio-Economic Development Plan 2011-2015 and estimates of the Lao Statistics Bureau.

Inflation

11. The inflation rate fluctuated in the range set in the plan (less than the growth rate) and, on average during the 5 year implementation it increased to about 5 percent. The main factors affecting inflation included prices of consumables which increased 8.3 percent on average, housing, electricity, water and fuel (6.8 percent increase); restaurants and hotels (6.5 percent increase); clothing and footwear (3.9 percent increase); and goods and services (3.6 percent increase) (see Table 4). In addition, pressure from global price changes, the imbalance of supply and domestic demand, and uncertainty of the oil prices in the global market directly affected domestic oil prices. In FY2010-2011, domestic oil price increased by 20 percent (and adjustment made about 17 times – 13 times of adjustment was to increase the price and 4 times were adjustment made for decrease the price). Moreover, prices of goods in neighboring and regional countries, including China, Thailand and Viet Nam, also continuously increased. Internal factors will be insufficient supply in response to the demand, especially meat products.

Table4:Change in structure of the inflation rate

Description	Year2010-11	Year2011-12	Year2012-13	Year2013-14	Year2014-15	Average
1. Food	10.4	7	10.4	9.2	4.4	8.3
2. Beverage	2.3	3.1	3.4	5.5	2.5	3.3
3. Clothing and footwear	2.4	2.4	4.4	6.0	4.2	3.9
4. Housing, water, electricity	3.1	9.2	9.1	3.6	8.6	6.8
5. Household supplies	1.4	2.5	2.7	2.1	1.3	2.0
6. Healthcare	2.3	1.2	1.3	1.3	0.2	1.2
7. Communications and Transport	7.9	4.9	0.4	0.7	-5.2	1.8
8. Post and telecommunications	2.4	2.1	1.7	0.9	1.2	1.7
9. Entertainment and recreation	0.9	1.6	1.8	2.2	0.2	1.4
10. Education	0.6	0.9	2.2	1.3	0.3	1.0
11. Restaurants and Hotel	3.5	7.9	8.6	8.6	3.8	6.6
12. Goods and Services	9.2	5.6	1.5	1.4	0.2	3.6
Inflation rate(%)	7.4	5.1	5.6	5.2	1.7	5.0

Source: Lao Statistics Bureau, Ministry of Planning and Investment.

Fiscal and monetary management policies

12. **Exchange rate:** Over the five year implementation, the exchange rate has remained stable. Kip against United States Dollars (US\$) in FY2010-2011 appreciated by 4.2 percent (from 8,372 Kip/US\$ to 8,037 Kip/US\$). In FY2011-2012 it further appreciated by 0.3 percent (from 8,037 Kip/US\$ to 8,010 Kip/US\$). In FY2012-13 it continued to appreciate by 1.8 percent (from 8,010 Kip/US\$ to 7,867 Kip/US\$). In FY2013-2014 the Kip against US\$ depreciated by 2 percent (from 7,867 Kip/US\$ to 8,024 Kip/US\$); and in FY2014-2015, it depreciated by 0.72 percent against the US\$ (from 8,024 Kip/US\$ to 8,082.97 Kip/US\$).

13. Against the Thai Baht, the Kip depreciated by 3.4 percent in FY2010-2011 (from 257 Kip/Baht to 266 Kip/Baht); appreciated by 3.2 percent in FY2011-2012 (from 266 Kip/Baht to 258 Kip/Baht); depreciated by 0.5 percent in FY2012-2013 (from 258 Kip/Baht to 259 Kip/Baht); appreciated by 3.5 percent in FY2013-2014 (from 259 Kip/Baht to 250 Kip/Baht); and appreciated by 1.91 percent in FY2014-2015 (from 250.58 Kip/Baht to 245.88 Kip/Baht).

14. Reasons for the appreciation of the Kip against the United States dollar over FY2010-2011 to FY2012-2013 include capital continued inflows into the country and depreciation of the United States dollar in international markets due to the economic situation in the United States and debt problems in Europe. In FY2013-2014, the value of the Kip was against the United States dollar depreciated due to governmental measures to tighten foreign currency usage. The reason for stronger Kip value against Thai Baht is Baht depreciation against the United States dollar.

15. **The money supply(M2):** Over the last five years, M2 continued to increase owing to the market mechanism in the manageable level, on average it increased by 26.9 percent annually. In FY2010-2011, M2 money supply rose 38 percent; by 28 percent in FY2011-2012; by 20.6 percent in FY2012-2013; by 19.7 percent in FY2013-2014; and over the first six months of FY2014-2015, it increased by 20.3 percent (increase of M2 is drawn from comparison with the same period of the previous year). Overall, increase in the money supply is caused by: (1) increase in net assets plus an increase in the bank credits released to the economic sector; (2) commercial banks provide funding to the economic sector and financial institutions to support production and reduce poverty, as well as support production of priority projects of the government and buy foreign currency.

16. **Foreign currency reserves:** Over the last five years, the foreign currency reserves were sufficient to cover the imports on average of 5.5 months (the five year plan set the target at six months or more). In FY2010-2011, the reserves balance was US\$718.1 million, which increased by 35 percent compared to the same period of the previous year and covered imports for 5 months. In FY2011-2012, the reserves balance was US\$658.57 million which decreased by 9 percent compared to the same period of the previous year and covered 5.39 months' worth of imports. In FY2012-2013, the reserves balance was US\$582 million and covered 5.4 months' worth of imports. In FY2013-2014, the reserves balance was US\$834.71 million and covered 5.4 months' worth of imports. Up to August 2015, the reserves balance was US\$994.11 million and covered 6.42 months' worth of imports.

3.3 Investment

17. From FY2011-2015, total investment (the Government budget, grants - loans, private investment and bank credit) was 236,687.96 billion Kip which greatly exceeded (186 percent) the target of the five-year plan (127 trillion Kip). The total value of investment increased to 26,483.93 billion Kip, accounting for 42 percent of GDP in FY2010-2011. In FY 2011- 2012, it increased to 36,327.07 billion Kip, accounting for 52 percent of GDP. In FY2012-2013 it increased to 45,179.64 billion Kip, accounting for 56 percent of GDP. In FY2013-2014 investment value increased to

98,007.32 billion Kip⁴, about 108 percent of GDP and, finally, in FY2014-2015 it is expected to reach 30,690 billion Kip, equivalent to 30 percent of GDP. As of March 2015, total investment at both central and local levels can be summarized as follows:

1. Government budget amounted to 12,892.76 billion Kip, reached about 96 percent of the five-year plan target.
2. Grants - loans (ODA) amounted to 28,858 billion kip, reached about 92 percent of five-year plan target.
3. Domestic and foreign private investment amounted to 154,798.10 billion Kip, reached about 229 percent of the five-year plan target;
4. Bank credit amounted to 40,139.10 billion Kip, reached 297 percent of the five-year plan target.

3.4 Public Investment

18. The fund focuses on solving the impact of natural floods in the provinces, stimulating the economy and reducing poverty. Investments from this source gradually increased from 1,753 billion Kip, (6.6 percent of the total investment in FY2010-2011) to 2,139 billion Kip (5.9 percent of the total investment in FY2011-2012). It continued to increase to 2,940 billion Kip (6.5 percent of total investment in FY2012-2013) and 2,761 billion Kip (2.8 percent of total investment in FY2013-2014) and is expected to reach 3,300 billion Kip (10.75 percent of total investment by FY 2014-2015). This is equal to a total of 12,893 billion Kip or representing 5.4 percent of the total investment, which means 96 percent of the five- year plan target will have been attained (12,000 to 15,000 billion Kip). Overall, central and local level sectors have effectively allocated funds into their programs and priorities of the Government as follows:

- The economic sector received 30 percent of total investment.
- The social sector received 35 percent of total investment (of which education received 17 percent, public health and others 9 percent each.
- Infrastructure and buildings received 35 percent of which 28 percent went to roads and 7 percent went to housing.

19. Overall, implementation on the investments have complied with the appropriate laws, but the financing of some localities is still unfocused, and the project on analysis and research was inconsistent with the development goal which resulted in a lot of amendments at the mid-term stage. Some of the foreign investment at sectoral and provincial levels was not achieve as planned as implementation was limited. Agencies responsible for monitoring the implementation of the plan at the provincial level not yet carried out the monitoring in a systematic manner. Attention must also be paid to evaluation of the projects, especially assessment of the plans before carry out the investment, should not implement several projects in the same time and should create responsive measures to solve current debts issues.

3.5 Grants and Loans

20. The Government of Lao PDR has, for several years, been committed to the Roundtable meeting process to discuss grant and loan mobilization for socio-economic development with development partners. At the 10th Roundtable meeting in November 2010, although the global economy was in crisis, development partners continued to show their commitment to support Lao PDR. Over the following five years, Lao PDR mobilized 28,858 billion Kip (US\$2,862.28 million) of Official Development Assistance (ODA) equivalent to 92 percent of the plan target (the 7th NSEDP set the target of 30,000 – 33,000 billion Kip). Of this, grants and loans slowly increased from 5,355

⁴Figure in 2013-2014 included investment from 3 sources: 1) concession US\$936.69 million (MPI), 2) general investment projects US\$8,434.53 million (MOIC) and 3) Special and Specific Economic Zones US\$349.35 million (SEZ) (applied exchange rate was 8,024.63 kip/USD)

billion Kip (US\$630 million) or 20.2 percent of the total investment in FY2010-2011 (the plan target is US\$600 million) to 5,709 billion Kip (US\$705 million) covering 15.7 percent of total investment in the FY2011-2012 (the plan target is US\$703 million). In FY2012-2013, ODA reached 6,139 billion Kip (US\$777 million) or 13.6 percent of total investment (the plan target is US\$775 million), and reached 6,376 billion Kip (US\$795 million) or 6.5 percent of total investment in 2013-2014 and it is expected to reach 5,279 billion kip or 17.2 percent in FY2014-2015. The use of grants and loans (ODA) focused mainly on socio-cultural and economic sectors, in particular:

- i. Grants have been allocated for the development of social and cultural sectors to achieve the MDGs.
- ii. Loans focused on development of the economic sector and infrastructure, such as energy-mining, agriculture and forestry, public work and transportation.

3.6 Domestic and Foreign Private Investment

21. The Government has strived to create an enabling environment for investors. A highlight was the opening of the one-door investment service starting from 1st October 2011, which helps facilitate fast and transparent investment, ensuring public benefits. In addition, a website has been developed to allow investors easy access to investment information. This has attracted domestic and foreign private investment of 154,798.10 billion Kip (US\$17,413 million), equivalent to 129 percent of the plan target (the 7th NSEDP target is 64,000-71,000 billion Kip or 50-56 percent of total investment). In FY2010-2011, private investment increased from 15,349 billion Kip (US\$1,919 million), accounting for 58 percent of total investment. In FY2011-2012, it increased to 21,520 billion Kip (US\$2,690 million), accounting for 59 percent of total investment. In FY2012-2013, it rose again to 24,388 billion Kip (US\$3,049 million), accounting for 54 percent of the total investment and by FY2013-2014, it rose to 77,930 billion Kip (US\$9,723 million), accounting for 79.5 percent of total investment, and it is expected to increase to 15,611 billion kip accounting for 50.9 percent of total investment in FY2014-2015.

22. Domestic and foreign private investment focuses mainly on energy and mining, followed by services and agriculture sectors. In the agriculture sector, investment is mainly in corn promotion project, sugarcane, rubber trees and other industrial tree plantations, and coffee-tea plantations for export. Energy sector investments include hydropower projects while investment in mining include bauxite mines, establishment of processing factories for alumina and aluminum for both the domestic and international markets, gold and other minerals mining, and processing for domestic and export markets. In the service sector, investments included 5-star hotels, high-class villas, golf course, shopping malls, apartments, resorts, conferences and sport centers, and comprehensive telecommunication service projects.

3.7 Bank Credits

23. The Bank of Lao PDR has carried out policies and regulations to enable commercial banks to approve loans at low cost. Loan products have been developed continuously. There are many types of credits in line with the need of different groups of client. At the same time, commercial banks have also taken ownership in providing credits to effective projects by focusing on improving lending regulation, mechanisms and procedures to enable easy access to funding sources. Credit is also being controlled to ensure quality and manage the Non-Performing Loan to the level of not more than 3 percent. Credits by the Bank of Lao PDR to infrastructure projects and other long-term projects yielding benefits in the long-run has also been reduced and put on hold.

24. Over the past five years, both public and private banks have released banking credits of 40,139 billion Kip. This amounts to 16.97 percent of total investment or 297 percent of the five-year plan target of 12,000-15,000 billion Kip or 10 percent -12 percent of the total investment and about

3,000 billion Kip per year. Of this, credit increased from 4,027 billion Kip (15.2 percent) of the total investment in the FY 2010-2011 to 6,959 billion Kip (or 19.2 percent of the total investment). It rose again to 11,713 billion Kip (25.9 percent) in FY 2012-2013 and 10,940 billion Kip (11.2 percent of the total investment) in FY 2013-2014 and it is expected to reach 6,500 billion kip (21.2 percent of the total investment) FY2014-2015. The objective of releasing credit is to support important the Government's infrastructure projects, as well as support production, address poverty, generate employment for people in the rural areas, and provide capital for commercial production, livestock and agriculture promotion, and small and medium processing industry.

3.8 Budget Balance

25. Over the five years of 7th NSEDP implementation, the Government improved revenue collection mechanisms to enable increased revenue collection and expenditures for administration and investment as follows:

- **Total revenue:** Total revenue collection during the five years is 98,910.97 billion Kip which accounted for 24.4 percent of GDP (the five-year plan target is between 19-21 percent of GDP). In FY2010-2011, revenue of 14,310 billion Kip (22.9 percent of GDP) was collected. In FY2011-2012, 17,262 billion Kip (24.5 percent of GDP) was collected. In FY2012-2013, 21,813 billion Kip (27.2 percent of GDP) was collected and in FY2013-2014, revenue was 20,939 billion Kip or 22.9 percent of GDP, and in FY2014-15 was 24,587 billion kip or 24. Percent of GDP.
- **Domestic revenue:** Overall domestic revenue collected was 75,691 billion Kip or 18.6 percent of GDP (the five-year plan target was 16-18 percent of GDP). In FY2010-2011, 10,601 billion Kip (17 percent of GDP) was collected. In FY2011-2012, 12,709.7 billion Kip (18 percent of GDP) was collected. In FY2012-2013, 16,519 billion Kip (20.6 percent of GDP) was collected, while in FY2013-2014, 15,939 billion Kip (17.4 percent of GDP) was collected and in 2014-2015, 19,922.59 billion kip (19.5 percent of GDP).
- **Budget expenditure:** Total budget expenditure was 115,806.99 billion Kip, or 28.5 percent of GDP (the five-year plan target was between 22-25 percent of GDP). Budget expenditure in FY2010-2011 was 15,997 billion Kip (25.6 percent of GDP). In FY2011-2012 it was 19,063 billion Kip, (27.1 percent of GDP). In FY2012-2013 budget expenditure was 26,222 billion Kip (32.7 percent of GDP) and in FY2013-2014 it was 25,428 billion Kip (27.8 percent of GDP), and in FY2014-2015 it was 29,097 billion kip (28.4 percent of GDP). Budget expenditure has enabled improved livelihoods of civil-servants as well as army and police personnel as it has adjusted cost of living and providing support to civil-servant while also ensuring smooth and timely repayment of domestic and foreign debt.
- **Budget deficit:** Total budget deficit was 16,896 billion Kip or 4.16 percent of GDP (the five-year plan target is 3-5 percent of GDP). In FY 2010-2011, the budget deficit was at 1,687 billion Kip (2.7 percent of GDP), in FY 2011-2012, it was 1,800.8 billion kip (2.6 percent of GDP), in FY 2012-2013, it was 4,409 billion kip (5.5 percent of GDP), in FY 2013-2014, it was 4,489 billion kip (4.9 percent of GDP), and in FY 2014-2015, it was 4,509.7 billion kip (4.4 percent of GDP).

3.9 Import-Export

26. The Government has improved mechanisms for international trade, especially through an online information center to provide information and facilitate import-export of goods by business sector resulting in an increased trend in import value as shown below.

- **Exports:** Overall export US\$14,108.45 million (27.9 percent of GDP). In FY2010-2011, exports valued US\$2,027 million; US\$1,696 million in FY2011-2012; US\$3,645.86 million

in FY 2012-2013; US\$3,433.71 million in FY2013-2014 and US\$3,305.3 million in FY 2014-2015.

- **Imports:** Overall import value was US\$17,921.95 million (35.49 percent of GDP). In FY2010-2011, imports valued US\$2,324.58 million which increased to US\$2,566.78 million in FY 2011-2012, US\$3,649.75 million in FY2012-2013, US\$4,680.84 million in FY2013-2014, and US\$4,700 in FY2014-2015.
- **Trade deficit:** Total trade deficit was US\$3,813.49 million (7.55 percent of GDP). In FY 2010-2011, the trade deficit was US\$297.43 million, which increased to US\$870 million in FY2011-2012, US\$389 million in FY2012-2013, US\$1,247.13 million in FY2013-2014 and US\$1,394.7 million in FY2014-2015.

4 LABOR AND EMPLOYMENT

27. In recent years, there has been improvement in labor structure with gradual movement towards industrialization and modernization. For example, labor in the agriculture sector fell from 71.3 percent in 2010⁵ to 65.3 percent in 2015 (the target by 2015 is to reduce to 70 percent). In the industry sector, the employment rate increased from 8.3 percent in 2010 to an estimated 11.4 percent in 2015. The target is to increase to 7 percent by 2015. In the service sector, it increased from 20.4 percent in 2010 to 23.3 percent of the total labor force in 2015⁶. The target by 2015 is to reach 23 percent of the total labor force). Just over 3,021,212 jobs were created, accounting for 51.9 percent of the total population of the year 2010 and is expected to account for 55.7 percent of the population in 2015.

28. Overall, labor targets during the last period have not yet been achieved. Information on the labor market and development of the workforce is not yet achieved as planned and has not yet been able to respond fully to the demand of labor markets. Allocation of the labor force as defined in the development plan and financial plan has not yet been achieved and development is still concentrated in urban areas with favorable infrastructure rather than on the development of industrial processing as much as it should. Furthermore promotion of small and medium enterprises is not widely covered in all areas which has caused high rates of labor migration from rural to urban areas.

5 RURAL DEVELOPMENT AND POVERTY REDUCTION

29. Over the four years of implementation of the 7th NSEDP, much attention has been given to rural development and poverty reduction at national and sub-national levels through the development of village and focal areas, in accordance with the four concepts and four targets and implementation of the 3-builds (building provinces to become strategic unit, districts to become comprehensively strengthened unit and villages to become development unit). Although there is no detailed specification in the 7th NSEDP, the 3-builds is one of the means of implementing the 9th Party Congress Resolution, which is being piloted in 51 districts and 108 targeted villages. Some highlights are as follows:

- 1) The process of dispatching government experts to help work at grass root level has been strengthened. To date, 8,685 government officials have been dispatched to the villages and Kum Ban to work on building political bases, the officials from the central level was 1,065 people, provincial level was 1,196 people and district level was 6,424 people and some were studying.
- 2) Political systems in the villages have improved gradually. Villages with established Party committee increased to 72 percent, and 82.4 percent has been announced as the robust

⁵Source: Laborforce and Child Labor Survey 2010, MoLSW and LSB (MPI).

⁶Estimation based on LECS5 2013, LSB

villages. 69 percent of villages are drug free village while 66.2 percent of villages are crime free.

- 3) Building economic infrastructure: build road to reach districts, villages covered 84.2 percent of the total villages, compared to the target set in the year 2015 it is found that there is high possibility to reach all villages as planned; upgrading and building of routes into 6 poor districts completed including Kaleum, Duckjeung, Samuay, Saychamphone, Saysathane and Phonethong. Moreover, continued attention paid to expand education, public health and water supply services into rural, remote and poor areas. Achievements of poverty reduction and standards development include the number village declared as the completed compulsory education (primary) increased from 80 percent in 2011 to 98.3 percent of the total villages in 2014 and the number of health model villages increased from 24.5 percent in 2011 to 54.57 percent of the total villages in 2014.
- 4) Settlements and permanent job creation achieved through concentration at boundary areas and priority areas of the government which made many families in the area shifted from slash and burn rice cultivation into commercial production using their local potential, to ensure that all have permanent and stable jobs as well as ensuring improved livelihood with provision of technical - scientific methods to address poverty issues through progressive development of the villages, the development of priorities areas and establishment of new towns.

30. In summary, over the last five years, work on rural development and poverty reduction have been achieved. Based on a poverty assessment in 2014 (the Decree No. 309 / PMO regarding poverty and rural development 2012-2015) suggested there are 92,328 poor households, and 1,966 poor villages accounted for 23.1 percent of the total villages nationwide. However, based on LECS5 it is found that the poverty rate fell from 27.6 percent in FY2007-2008 (LECS4) to 23.2 percent in FY2012-2013, and expected in 2015 will remain approximately 19.7 percent. Poor household rates fell from 22.2 percent in FY2007-2008 (LECS4) to 16 percent in FY2012-2013 which finds very challenging to achieve the national target on the rate of poor households at 10 percent by 2015. However, if the Government continues its efforts to address poverty and implement the necessary measures, the target might be met in 2015.

6 SECTOR ACHIEVEMENTS

6.1 Economic Sector Development

6.1.1 Agriculture and Forestry

31. During the past four years, the agriculture and forestry sector has many significant achievements despite the impacts of natural disasters such as the Nok Ten and Haima typhoon, and fluctuation of agricultural product and production input prices, which have directly affected the agricultural production of the country. Nevertheless, there have been many achievements with food production, promotion of commercial productions for domestic consumption and exports, and enhancement of quality and productivity as below.

1) Targets already achieved and targets that will be achievable as planned

a. Food Supply

32. **Rice production** was able to basically meet demand of the society. Average total rice production over the past five years was 3 million tons per annum. In FY2010-2011 and FY2013-2014, 3.1 million and 4 million tons of rice were produced respectively, and in FY2014-2015, 4.1 million tons equivalent to 96 percent of the 7th Plan target of 4.2 million tons. More details on rice production by each type are explained below:

- **Rain fed Rice Farming System:** In 2011, 598,358 ha wet season paddy fields were yielding 2,323,195 tons. In 2012, 706,028 ha yielded 2,76 million tons of rice. In 2013, 683,125 ha yielded 2.73 billion tons of rice and it is estimated that, by 2014, the

total paddy field was 762,566 ha, to yield about 3.21 million tons of rice, and in 2015 the paddy fields is expected to reach 757,640 ha, yielding 3.3 million tons, exceeding the 7th Five-Year plan target by 12 percent (740,000 ha).

- **Dry season rice:** In 2011, 112,210 ha of dry season rice cultivation area yielded 540,315 tons of rice. In 2012, 107,967 ha yielded 509,920 tons of rice, in 2013, 92,340 ha yielded 439,150 tons of rice, and in 2014 it was 102,505 ha, yield 555,000 tons of rice, and in 2015, it is 101,525 ha, yielding 520,000 tons . This accounted for just 51 percent of the five-year plan target of 200,000 ha and most like not to be achieved as planned. Factors which have affected production include:
 - Climate change - Low levels of rainfall are anticipated compared to previous years and irregular rainfall may cause the river to dry out;
 - Irrigation systems are not fully effective and canals are damaged. Repair of irrigation will not be achieved in time for the production season and there is also an unstable electricity network;
 - Water parasites have appeared around water pumps in Nam Houn-Nam Suang basins, Ban Doan, Huay Jiem Vientiane Capital, and the reservoir in Nam Tin (Bokeo Province);
 - The production costs are high because of the changes in the costs of production factors in parallel with low price of rice (from farmers) compared to the cost of production which caused low profit; and
 - Dry season rice areas which allow irrigated rice growing are being built up into residential areas and road networks.
- **Upland rice:** In 2011, 106,682 ha of upland rice cultivation area yielded 202,250 tons of rice. In 2012, 119,772 ha yielded 216,140 tons. In 2013 115,725 ha yielded 240,440 tons, in 2014 it is estimated that 115,890 ha, yield 235,755 tons, and in 2015, it is estimated to reach 91,060 ha, yield 195,800. The 100,000 ha target of the 7th Five-Year plan has therefore already been met.

33. **Cultivation** of food crops continued to grow moderately:

- **Corn:** Production rose from 108,275 tons in FY2010-2011 to 259,870 tons in FY2014-2015. This 42 percent increase exceeded the 7th Five-Year plan target of 228,474 tons by 13.74 percent. Champasak, Vientiane, Oudomxay, Bolikhamxay and Luang Prabang provinces all cultivate corn.
- **Taro:** Production experienced the doubled increase from 304,120 tons in 2010-2011 to 268,560 tons in 2014-2015, covering 88.48 percent of the 7th Five-Year plan target of 303,500 tons. In the past four years, the production of taro has been stable at a level of 300,000 tons. Champassak, Saravane, Vientiane, Phongsaly and Xiengkhouang provinces all cultivate taro.
- **Fruit:** Production increased dramatically from 626,805 tons in FY2010-2011 to 790,840 tons in FY2014-2015, exceeded the Plan target of 700,000 tons by 12.98 percent.
- **Vegetables:** Production was about 1,225,370 tons in FY2010-2011 and is estimated to reach 1,402,690 tons in FY2014-2015, increased by 11 percent which reach about 91 percent if comparing with the Five - Year Plan target (1,500,000 tons). Vegetables are mostly grown in Champasak, Vientiane, Oudomxay provinces, and Vientiane Capital. The most outstanding vegetable growing projects are the organic vegetable projects due to high public demand. At present Organic vegetable grower groups have expanded to eight provinces, with 59 groups able to sufficiently meet consumption needs of the society.

34. **Livestock and fisheries** have expanded considerably due to support transformation into new practice through provision of materials and inputs for production; technical training on animal husbandry, feed storing and fodder growing. Livestock vaccinations also rose 5.7 percent per year (target is 4-6 percent per year).

- **Buffaloes** herd sizes have grown at 1-2 percent per year, increased from 1.19 million in FY2010-2011 to 1.21 million in FY2014-2015. The target of the five-year plan was 1.26 million, so 96 percent of the plan has been achieved.
- **Cow** herd sizes have grown an average 5 percent per year, from 1.52 million in FY2010-2011 to 1.82 million in FY2014-2015. by percentage it increased by 18 percent, while compared to 5 years target (1.86 million) it reached 98 percent of the plan.
- **Pig farming** has grown at 3-5 percent per year, from 2.65 million in FY2010-2011 to 3.04 million in FY2014-2015, increased by 15 percent., The 3.05 million target of the five-year plan has reached 99 percent.
- **Goats** herding increased an average of 4 percent per year from 431,000 in FY2010-2011 to 525,725 in FY2014-2015 (14 percent). The target of the five-year plan was 522,500 meaning 0.62 percent exceeding the plan.
- **Poultry** farming has grown at 7-8 percent per year, increased from 26.9 million in FY2010-2011 to 34.36 million in FY2014-2015 (29 percent rise). The target of the five-year plan was 33.5 million meaning 2.51 percent exceeding the plan.

35. Due to the growing trend above, production of meat, fish and eggs increased from 296,086 tons in FY2010-2011 to 360,595 tons in FY2013-2014. The Five-Year Plan set a target of 379.100 tons, as such production has reached 95 percent of the plan. Consumption of meat, fish and eggs reached 48 kg/per person on average in 2012 (42 kg/ per person in rural areas, 56 kg / per person in urban areas. In FY2013-2014, it is estimated to reach 51 kg / per person).

b. Commercial production

36. Commercial plantations have constantly expanded with outstanding crops of coffee, cassava, maize and sugarcane. These crops have market potential, market demand and suitable prices that are satisfactory for farmers, alongside the support and promotion from Government and private sectors including enterprises investing in agriculture and agro-processing for export.

- **Coffee:** Production increased from 52,010 tons in FY2010-2011 to 92,045 in FY2012-2013. It was 89,200 tons will be produced in FY2013-2014, and in FY2014-2015, it is 99,780 tons or 80 percent exceeding the Five-Year Plan target of 55,300 tons. Coffee is grown in Champasak, Saravan and Sekong provinces, as they have both domestic and international market demands, especially to produce for the Dao Heuang factory.
- **Maize:** Increased by 2 percent from 917,715 tons in FY2010-2011 to 994,750 tons in FY2012-2013. It reached 1 million tons by the end of FY2013-2014, and in FY2014-2015, it reached 1.11 million tons or 95 percent of the Plan target of 1.17 million tons. Maize is grown mostly in Sayabouly, Oudomxay, Huaphanh, Xiengkhouang and Boneo.
- **Cassava:** This is one of cash-crops that has a high potential for growth with rising demands by the markets. The production of cassava increased from 743,190 tons in FY2010-2011 to 1.2 million tons in FY2012-2013. It rose to 1.51 million tons in FY2013-2014, and it was 1.52 million tons in FY2014-2015. The Five-Year Plan target of 640,000 tons has already been exceeded by 873,920 tons. Cassava is grown in Vientiane Capital, and Vientiane and Bolikhamxay provinces as their industrial crops and they have high market demand and hosted many big factories.

- **Sugarcane: Production** reached 1.6 million tons in FY2013-2014, and reached 1.75 million tons, equivalent to 81 percent of the Five-Year Plan target of 2.15 million tons. Sugarcane is grown in Savannakhet and Bolikhamxay provinces.
- **Tobacco: Production** in FY2010-2011 was 81,175 tons. In FY2012-2013 it was 56,755 tons and in FY2013-2014 production was 60,000 tons, and it was 64,600 tons. The target of the five-year plan was 90,000 tons. As such 72 percent of the plan's target has been reached. Tobacco plants are planted in Champasak, Savannakhet, Bolikhamxay, Fun, Luang Prabang and Vientiane Province and supply factories in Vientiane, Savannakhet and exports.
- **Cotton: Production** increased from 1,840 tons in FY2010-2011 to 3,160 tons in FY2012-2013. It is estimated that in FY2013-2014 production will reach 3,500 tons. The target of the five-year plan was 4,370 tons, so 80 percent of the plan's target has been reached.
- **Job's tears:** In FY2010-2011, production yielded 103,485 tons. In FY2012-2013 and FY2013-2014, production yielded 143,535 tons and 175,640 tons respectively and in FY2014-2015 yielded 186,620 tons. The target of the five-year plan was 96,000 tons so actual production exceeded the target.
- **Soybeans:** Production increased from 13,820 tons in FY2010-2011, to 13,905 tons in FY2012-2013 and 16,645 tons in FY2013-2014, and in FY 2014-2015 yielded 17,630 tons. The target of the five-year plan was 29,750 tons, so 59 percent of the plan's target was reached.
- **Peanut:** Production yielded 70,195 tons in FY2010-2011, 54,805 tons in FY2012-2013 and 65,100 tons in FY2013-2014, and in 2014-2015 it was 66,500 tons. The target of the five-year plan was 70,000 tons, so production reached 95 percent of the plan.
- **Green beans:** Production yielded 4,790 tons in FY2010-2011, 3,365 tons in FY2012-2013 and approximately 6,500 tons in FY2013-2014, and yielded 17,630 tons in 2014-2015. Production already exceeded the target of the five-year plan.
- **Non-timber forest products:** Production of bamboo exceeded the five-year plan target with an estimated 2.16 million culms of bamboos produced in FY2012-2013 (the five-year target was 1 million culms of bamboos); production of firewood also exceeded the five-year plan target of 10-12 thousand cubic yards with 29,557 cubic yard in FY2010-2011 and an expected production of 40,900 cubic yards in FY2012-2013.

37. **Commercial Livestock:** Commercial livestock is likely to meet the target set by the Five-Year Plan due to the increasing move to industrial livestock, using improved species, especially pigs, chicken (layer), chicken (boiler), and ducks (layer). Livestock is farmed throughout the country, including in cities like Vientiane Capital, and Vientiane, Luang Prabang, Khammouane, Savannakhet and Champasak provinces. For cattle farming on plateau and upland areas, farming based on cattle stock of the village and to supply the products to domestic market and neighboring countries along the border. Also fish are raised in ponds, fed in irrigation reservoir, Mekong River and its tributaries and have expanded considerably. The number cage aquaculture has increased from 4,500 cages in 2010 to 6,800 cages in 2014 or 50,884 tons. Although livestock production has seemingly increased, when compared to both actual domestic and international consumption, the increase is not enough because farmers' lack the knowledge and techniques required to control outbreaks of animal diseases; cow species are local that yield low production; enforcement of regulations on protection over pregnant cows from being killed is not strict, slaughterhouses and meat processing factories are very basic and lack of hygiene certification. There is a lack of clear policies and measures to develop livestock, lack of coordination with all parties concerned both in public and private sectors, export of large animal is mostly through across borders trade.

38. Overall the quantity of agricultural products has increased but most of them are still in the form of raw materials, lacking processing for value addition. In the future, efforts should be made to encourage investment in agro-processing.

c. Forestry

- Management of production and plantation forests: There are currently 51 national production areas covering 3.1 million hectares which are divided into 324 sub-areas. Surveying, data collection and allocation planning have been completed in 212 sub-areas, covering an area of 2.2 million hectares. Registration of tree plantation sites has been completed in nine provinces (Attapeu, Bolikhamxay, Champasak, Khammouane, Luangprabang, Savannakhet, Saravan, Sekong and Vientiane) covering 530 lots on 1,027 hectares. Collection of heartwood increased from 56,261 kg in 2010 to 102,937 kg in 2012. The seedling nursery collected 94.8 million seedlings, averaging 45.4 million seedlings annually. Reforestation covered 329,941 hectares or about 8.5 percent of the Five-Year Plan target (3.9 million hectares), due to management of the project being transferred from the Ministry of Agriculture and Forest to the newly established Ministry of Natural Resources and Environment on management of protected and conservation areas. The Ministry of Agriculture and Forestry is now only responsible for production areas and, as a result, forest restoration has not met the planned target because it has only been implemented in the area of production forests. Plantation was conducted in a total of 46,190 hectares, which is only 23 percent of the planned target. The main cause of the decline in plantation is an incomplete land allocation plan for tree plantation and the Government has temporarily suspended rubber and eucalyptus plantation projects (for new projects) which meant that implementation of the plan on private business tree plantation was not possible. Collection of heartwood increased from 56,261 kg in 2010 to 102,937 kg in 2012 and the plant nursery collected 94,8 million seedlings or on average 45,4 million seedlings annually.

d. Irrigation

39. In FY2010-2011, a total of 409,276 ha of land were irrigated, compared to 405,753 ha in FY2011-2012 and 389,911 ha in FY2012-2013, equivalent to 51 percent of the 800,000 ha target set out in the Five-Year Plan. The supply of irrigated water for dry-season production declined from 148,456 ha in FY2010-2011 to 145,753 ha in FY2011-2012 and 129,911 ha in FY2013-2014, achieving only 43 percent of the 300,000 ha target set out in the Plan. The reason is that irrigation schemes were severely damaged during the rainy season of 2011 and timely rehabilitation could not be provided. Sprinkler irrigation covered 260,820 ha in 2010-2011. This rose to 268,820 in 2012 but fell to 260,000 ha in 2014. The target of the Five-Year Plan was 500,000 ha, as such only 52 percent of the plan has been achieved due to damaged irrigation systems. An outstanding achievement has been the implementation of 11 sprinkler irrigation projects in the Takokkoun Technical Service Centre (Bolikhamxay Province) and Napork Research Centre to water corn and soybeans. Experiments show that use of sprinkler irrigation can raise production productivity.

e. Agriculture land management and development

40. Complete survey of agricultural land allocation in all 137 districts of which 118 districts have already received the land allocation and prepared to allocate to 19 additional districts. Planning and zoning classification for agriculture, especially rice farming, vegetable plantations and livestock need to be more detailed, aimed at seven large plains and 14 small plains. Two plains are selected as pilot including Khammouane and Savannakhet; some small northern plains will be allocated to commercial rice production for export to China and other countries.

f. Research and technical application

41. There are now 268 agro-forestry technical service centers throughout the country, although only 243 are currently operational. There are 64 service centers at provincial level, 123 service centers at district level and 81 service centers at *Kum Ban* level. For technical improvement, it included

upgraded equipment, machineries for baking - screening and drying seeds in 16 centers in 11 provinces. Efforts have been made to support production potential and Kum Ban field-staff aim to provide support to local villagers so they have a better knowledge and understanding of new plantation or livestock-husbandry techniques.

42. There has been a growing trend in the production of rice seedlings. In 2012, 5,000 tons of rice seedlings were produced while in 2013, this figure rose to 5,129 tons. Now central and southern regions are using improved and varieties of rice seed in over 80 percent of rice cultivation area in the rainy season and 100 percent in the dry season. White rice accounted for 12 percent of total production, the remainder is sticky rice.

43. In addition to rice, the centers also focused on researching economic cash crops and vegetables such as hybrid corn, soybean, banana, and others. Plantation areas were also enlarged for coffee, cardamom and some seedlings of fruit-trees.

44. Research and breeding of species of aquatic animals and fish has been completed. For example, 196 million fish were bred (95 percent of the Five-Year Plan target). Experiments with eight native fish species (“Tong Dao”, local catfish, “Kot”, “Keng”, “Kare”, “Soi” and tiger fish in “Nong Tang” and “Ban Hard” ponds) for the total of 1,200 fish or 60 percent against the Plan.

45. There are eight mixed breeds of local and foreign cattle (1 male to 25 females so 8 males to 200 females per year that expected to expand the number of the breed into 130). At present, there one male cattle was produced as standard breeder. There are 25 of mixed breed. In total, there are both pure breed and mixed breed of 799. There are totally 51,859 of local chicken ‘gai-tock’, turkey, mixed of two breeds and mixed of three breeds. Production of fodder is 2,500 kg, along with maintenance of grasslands for cattle, goats. There are 4 types of grass adopting from Ishull Stilo, Papua New Guinea and Guatemala in an area 12 hectares that can provide fresh grass of 93.2 tons.

6.1.2 Industry and Commerce

1) Processing Industries

46. Between 2011 and 2015, processing industries have made some significant achievements, not only through development of value added but also rapid growth of job creation. The gross production value of processing industries in (2011-2015) was 25,159 billion Kip, with an average annual growth rate of 13 percent. Key industries include food processing (21 percent of total processing production), spare parts (18 percent), mineral products (16 percent) and beverages (15.5 percent).

a. Development of processing industry infrastructure

47. At present, 18,927 ha of land has been identified and allocated for use as an industrial zone. Of this land 13,790 ha is State-owned while 5,137 ha is privately owned. These areas are serve existing factories that would otherwise be relocated and for newly established factories. In FY 2012-2013, there were 206 factories operating within these zones.

48. In Vientiane Capital, the construction of the industrial zones and parks has been completed in Vientiane Non Thong Industrial and Trade Area (VITA Park) located 22 km from Non Thong village, Saysetha District, with a total land area of 110 ha. At present, over 60 percent of the zone has been developed with 28 companies registered with total investment value of more than US\$40.6 million. The **Km 21** Vientiane Capital Industrial Park has an area of 2,000 ha, 54 ha of which are owned by the State. Currently, the development of this industrial park is in Phase I and covers 140 ha. In FY2011-2012, there were 31 factories established in the area.

b. Growth in processing industry production

49. There has been considerable growth in the production of food and beverages, construction materials (cement, tiles, steel-bars, roof tiles, paints and others), garments, cigarettes and shoes. At present, the production of alcohol/beer meets 100 percent of the total demand while soft drink, cement

and steel-bars supply only up to 89 percent, 65 percent and 25 percent respectively. New processing industries have emerged in silk thread and textiles, animal feed, meat, sugar, rubber latex, coffee, benz oil, pine resin and potassium.

50. At present, processing factories with investment value of more than LAK 50 billion include maize drying and jatropha extraction factory, Beer Lao Ltd, Lao Asia-Pacific Brewery Ltd, Lao Indochina Tropicana, Factory potatoes finished province Xayaboury, plant potatoes the TTL province Bolikhamxay, rubber factory DakTak and Laos – Viet Nam rubber factory, Dao Heuang coffee processing factory, sugar and cement factories.

2) Handicraft

51. It is estimated that total handicraft production value is about 2,850 billion Kip, with a growth rate of 15 percent per annum. Handicrafts produced by local craftsmen have improved for both domestic and international markets. Lao handicrafts have received many awards from many regional level competitions.

52. Investments are being made in handicraft production, establishment of business units, grouping and supports to remote areas for handicraft production. Domestic and international private investment in handicraft sector consists of 4,237 handicraft factories. The main export markets for handicrafts are the European Union, Japan and the United States. Cotton and worm silk textiles with natural color dye are widely popular in both domestic and overseas markets. The annual sale of handicrafts is increasing by approximately 7-8 percent annually.

3) Trade and international integration

a. Domestic trade

53. Total value of domestic trade is estimated to be 126,855 billion Kip, with a growth rate of 13 percent per annum.

54. Over the past few years, the domestic market has been open and constantly developed, and the quantity and value of annual trade has increased continuously. Market development and infrastructure construction has expanded widely and there are currently 753 markets throughout the country (2014), increased by 138 markets including in urban and remote rural areas. Of these, there are 60 big markets, 131 medium sized markets and 130 small sized markets and 212 flee markets. Overall, markets in urban areas have expanded which facilitates the exchange, buying, selling and trafficking of goods and distribution to rural and remote areas. Price of goods has been closely monitored on a regular basis, especially strategic and sensitive goods, in order to ensure balance between supply and demand through price structure management.

b. International trade

1) Export

55. The gross value of exports during the last five years is estimated to be US\$14,108.46 million, with an annual growth rate of 11.91 percent (the plan target is 18 percent per annum). The main export products are minerals and mining products accounted 48.1 percent, textiles and processing industry (tobacco, sugar, flour, instant coffee) accounted for 23.2 percent, hydropower 15.5 percent, agricultural goods such as maize, coffee, banana, cassava, rice, etc. accounted for 7.9 percent, wood and wood products 3.8 percent and others 1.5 percent of total exports. Main export destinations are Thailand covered 46.7 percent, Australia 13.4 percent, China 13.1 percent, Vietnam 11.8 percent, Holland 2.2 percent, Germany 2 percent, Japan 1.7 percent, and others 9.1 percent.

2) Import

56. The gross value of imports is estimated to be US\$17,921.95 million with an annual growth rate of 19 percent. The main imports consist of construction materials is 19 percent, vehicles and spare parts 18.8 percent, petrol and gas 16.6 percent, industrial inputs 12 percent, electrical appliances 11 percent, household supplies 6.5 percent, and others 16.1 percent of total import commodities.

57. The market structure of imports was: 61.1 percent from Thailand, 16.8 percent of imports were from China, 9.5 percent from Viet Nam, 2.6 percent were from Japan, 1.9 percent from South Korea and 8.1 percent from others.

3) Trade Balance

58. The trade deficit is expected to be US\$3,813.49 million or equivalent to 27 percent of the total export value. The deficit was caused by large imports of domestic and foreign direct investment supporting equipment, as well as imports of oil, vehicles, construction materials, agriculture tools, etc. Additionally, consumer goods are also in high demand while the economy is growing under the floral market economy and gradual economic-trade integration regionally and internationally.

6.1.3 Energy and Mining

59. Over the course of five years of the implementation of the 7th NSEDP, the global economic crisis has influenced development of energy and mining. Many large scale electricity development projects have either stopped or have been postponed. Mining operations have also experienced low prices of minerals in some years. However, with support from various stakeholders, many targets have been achieved while there are still some areas that need further efforts.

1) Electricity

60. Total production of electricity during the period is 74,481.03 million KWH, value at 30,276.33 billion kip which increased 25.6 percent per annum. At present, throughout the country, there have been 29 projects that are operating with a production capacity of at least 1 MW or more. The total installation capacity of these projects is 3,329 MW and they have the capacity to produce electricity of 16.14 million KWH per annum. Out of these, the Government (via EDL) owns 10 hydropower dams with an installation capacity of 448.5 MW (13.5 percent of the total installation capacity). The private sector manages 19 dams with an installation capacity of 2,880 MW (86.53 percent of the total installation capacity). There are 15 dams have been completed the construction in during the 7th NSEDP implementation (3,513.4 MW) including Namsong Dam (6MW) completed in 2011 (EDL), Namtha 3 (1.5MW) completed in 2011 (EDL), Nam Gnon (3.4MW) completed 2011 (IPP), Namphao (1.7MW) completed in 2011 (IPP), Nam Ngeum 5 (120 MW) completed in 2012 (IPP), Hinboun Expansion (220MW) completed in 2012 (IPP), Nam Gnuang (60MW) completed in 2012 (IPP), Nam Long (5MW) completed in 2013 (IPP), Xe Namnoi 1 (14.8MW) completed in 2014 (IPP), Nam Sana (14MW) completed in 2015 (EDL), Nam Ngiap 3A (44MW) completed in 2015 (IPP), Nam Ngeum 2 (615MW) completed in 2011, Theun Hinboun Expansion (280MW) completed in 2012, Hongsa Lignite (1,878 MW) completed in 2015 and Sekaman 3 (250 MW) completed in 100% but still need technical improvement.

61. The Government currently has agreements with local and foreign investors for a total of 357 projects (excluding those already operating). Out of these, 45 projects have concession agreements with a total installation capacity of 6,186 MW; 24 are in the process of construction; 33 projects are expected to begin construction before 2020; 20 have completed a feasibility study; and 206 projects are in the process of conducting a feasibility study and in process of preparing a memorandum of understanding. Projects under construction include Nam Kong 2 (66 MW, 70 percent completed), Nam Sim (8 MW, 20 percent completed), Nam Ngiap 2 (180 MW, 65 percent completed), Nam Bang (36 MW, 48 percent completed), Nam Mang (64 MW, 28 percent completed), Nam Leek 1 (65 MW) and Nam Phai (86 MW, both 25 percent completed), Nam Ou 2,5,6 (540 MW, 44 percent completed), Hongsa Lignite (1,878 MW, 88 percent completed), Sepien-Senamnoy (410 MW, 7 percent completed), Sayaboury Dam (1,285 MW, 31 percent completed), Nam Ngiap 1 (290 MW, 5 percent completed), Sekaman 1 (322 MW, 36 percent completed). Projects that have already completed basic construction include Nam San 3A (44 MW), Nam San 3B (45 MW) and Sakaman 3 (250 MW). The Government also has a policy to encourage the development of hydropower for domestic consumption. Sixteen projects are expected to have a total installation capacity of 909 MW. Seven of these are expected to have an installation capacity of 449 MW. In Huaylamphan, 90 percent of

construction has been completed. In Nam Khan 2, 80 percent has been completed, 100 percent in Namsana, 42 percent in Nam Hinboun, 50 percent in Nam Khan 3, 29 percent in Xe Set 3 and 36 percent in Nam Jien.

2) Development of off-grid electrification

62. **Solar power:** Lao PDR has the capacity to develop solar power. It is estimated that on average, annual sunlight is at the level of 5 kwh/m²/per day. At present, solar power has been expanded and installed in the rural areas for more than 12,709 households or 1.3 percent of total households in 430 villages. A solar energy installation with a capacity of 236 Kw, which is linked to on-grid electricity network at parking of Wattay International Airport, has been completed. At present, the study and design of another solar energy installation with a capacity of 150 Kw at EDL Headquarters has been completed and is expected to be operational next year.

63. **Biomass energy:** The construction of a sugarcane bio-energy station in Savannakhet was completed with an installation capacity of 39.7 Mw. The biogas power factory generated by sewage from Beer Laos produces 1,500 cubic metres/day. The construction of a biomass bio-energy and ethanol production factory in Attapeu province was completed at the beginning of 2013 with an installation capacity of 30 Mw. In addition, construction of the station to produce 5 Mw of bio-energy from waste and biomass energy station to produce 50 Mw is on-going in Sayabouly province (supported by the Government of Finland).

3) Transmission Lines

64. The development of transmission lines has increasingly expanded. At present, the total length of transmission line is 47,242 km nationwide. The 171 km of high-voltage (500Kv) transmission lines are connected to neighbouring countries, as are 652 km of 230Kv transmission lines. The 4,600 km of transmission lines (115kv) are connected throughout the country for national transmission systems, along with the medium voltage transmission lines (35kv, 34kv and 22kv) 21,773 km and 0.4kv (15,608 km) for rural electrification. This is one condition or enabling factor which will help achieve the MDGs and reduce poverty among multi-ethnic people, providing important infrastructure for commercial production by the people. Presently, the total number of households with electricity has reached 89 percent, exceeding the Five-Year plan target of 80 percent.

65. Nevertheless, development and supply of electricity is still insufficient. The transmission lines for high and medium voltage are not yet connected throughout all regions. Some regions still import electricity from foreign countries including China, Thailand and Viet Nam. The connection of transmission systems needs to continue to targeted markets in neighbouring countries especially Cambodia, China, Thailand and Viet Nam.

4) Mining

66. During the five-year period, the average annual growth rate of the mining sector was 13.7 percent. In terms of production, 329,808 tons of copper was produced, 58.5 tons of gold and silver, 1.6 million tons of lignite, 752,611 tons of coal made from anthracite, 1.8 million tons of copper powder, and 3.1 million tons of gypsum. Production of other minerals also increased. The total value of mineral export was over US\$4 million or 60 percent of the country's total exports. Almost 72 domestic and foreign companies have been given exploration contracts, 19 of which are at the exploration stage and constructing processing factories, and 50 of which have been extracting, processing and exporting. Most of these are small and medium sized businesses. For large-scale projects, such as Lane Xang minerals and Phu Bia Mining Ltd., production has a value of over US\$500 million per year. Important mines for new exploration are: Kali salt in Thong Mang (Vientiane province) and potassium salt in Khammouane province.

67. At present, large scale projects receiving investment by foreign companies include:

- Gold, silver, copper in Vilabory district (Savannakhet province) since 2003;

- Gold, silver, copper in Saysomboun district (Vientiane province) since 2007;
- Potassium in Vientiane capital started testing in 2007;
- Lignite in Viengphoukha district (Luang Namtha province);
- Anthracite, Nhot Ou District (Phongsaly province);
- Steel in Houaphanh province; and
- Bauxite in Attapeu, Champasack and Sekong (which are still being surveyed for mineral sources).

6.1.4 Public Works and Transportation

68. Efforts have been made to develop the infrastructure of public works to facilitate socio-economic development and regional and international integration. A detail of each target is explained below.

1) Development of road construction and land transportation

69. Road networks has increased from 39,584.5 km to 51,597.3 in 2014 one of these including the roads upgrading: the tarred roads have increased from 5,426.67 km in 2010 to 8,272 km in 2014. The development along national highways to upgrade to ASEAN highways to link domestic roads to neighboring countries along the economic corridors at regional level, North-South and East-West economic corridors, attain 2,200 km in 2015 (5 years plan has determined 920 km) which exceed the planned figure by 1,280 km. It has also struggled to construct the districts' main roads, rural areas' roads to be linked focal points and developed villages' groups (for at least one-season travelling) and achieved 81 percent if compared with the 5 years plan figure 100 percent.

70. The sector has completed some roads projects including: Road 2W project connecting Meuang Ngeun-Parkbeng; Mekong River Crossing Bridge No.3 Project Nakhone Phanom-Khammouane and No. 4 Houay Xai-Xiengkong; Lao-Myanmar Friendship Bridge in Luang Namtha province; Mekong River Crossing Bridge Nasak-Khokkhaodor; Road No. R13 Project Northern section Nateuy-Oudomsay and Park Mong- Oudomsay; Roads Project under ADB 10; Road 16A project Sopbao-Ban Dan; renovation of R3; Sekaman Crossing Bridge project; Road No. 16B in Meuang Duck Cheung; Road No. 2 E connecting Meuang Khua-Taichang; Ban Namkeung-Ban Mom Road construction project in Borkeo province; Road No.1 D Meuang Khoon-Pakhar(Defense Ministry); Road No. 1B Parknamnyoi-Ban Nyor; Road No. 9 Upgrading project Savannakhet-Dan Savanh; Road No. 15 and 15 B Construction Project (Napong-Saravan-Lao/Viet Nam border); and the road construction project Xieng Ngeun-Xayabouli-Kenethao-Nakha together with Mekong River Crossing Thadeua-Parkkhone. The projects under construction and which are expected to be completed in 2015 include: Sekaman 2 Bridge Construction Project (81 percent completed); Road No. 16 B (Sekong-Duckcheung District) (76. percent completed); Road No. 16A Parksong-KM 52 Attapeu (58 percent completed); the road between Ban Phieng Hong (from the junction of the Road No. 7) and NongHiat district to Sam Tai district border, the road construction project to MeuangMork in XiengKhouang province.

71. Regular road maintenance and renovation (5,000 km) have been carried out under 929 contracts. There were 62 turnkey renovation contracts for the period of three years which cost a total of 250 billion Kip. Road No.13 North in Vientiane province has been fully renovated following financial assistance from the World Bank (28 billion Kip) and from ADB 11 (2.7 billion Kip). The renovation of Road No. 13 South in Bolikamxay province cost more than 2.5 billion Kip. Apart from these, the sector has also carried out renovation of highways connecting towns to rural areas. In FY2011-2012, 22 road projects (263 km) costing more than 5 billion Kip have been undertaken. While in FY2012-2013, 17 renovation projects for 309 km of roads cost more than 14 billion Kip. To finance this project, 70 percent of funds were taken from the Nam Theun 2 project, 25 percent came from provincial finance and 5 percent from the roads repair provision fund. There were also urgent repair works in FY2010-2011 which cost 600 billion Kip and in FY2011-2012 which cost 347 billion Kip.

72. Goods and passenger transportation services: The volume of goods transport increased by 8.4 percent per year, from 3.8 million tons in 2011 to 4.8 million tons in 2014, exceeding the predetermined figure laid out in the Five-Year plan. The total traveling quantity was increased from 37.6 million persons in 2011 to 49 million people in 2014, an increase of approximately 10 percent per year if compared with the Five-Year plan the target has been achieved.

2) Development of construction and river transportation

73. The implementation of the river banks protection projects along the Mekong River and Nam Huang in FY2010-2011 meant 25.7 km river banks were constructed. In FY 2011-2012, 16 projects were completed totaling 26.7 km and there are still many river bank protection projects that are expected to be completed by FY2012-2013. These include the project in Ton Pheung District which is 84 percent complete, the project in Pak San Tai-Pak San Nua village (Pak San District) (50 percent complete), the project in Don village, Nalouangsaad-Sok (Pakkading District) (80 percent complete), and the project in Thakanthin village (Thaphabad District) 61 percent complete).

74. River transportation has been quite good as evidenced in the volume of cargo transported via river transportation which increased from 1,080 thousand tons in 2010 to 1,668 thousand tons in 2014, an increase by 24 percent annually. Passenger river transportation increased from 2,053 thousand people in 2010 to 2,868 thousand people in 2014, an increase of 13 percent annually.

3) Development of construction and air transportation

75. Through the implementation of the Five-Year plan during the mid-term period, the air transportation service system has seen significant improvements and a tendency for high growth due to large airport expansions, new airport construction and the improvement of existing airports to cater to Boeing 747 type aircrafts (already be catered for at Wattay International airport). The Luang Prabang airport expansion is 96 percent completed Pakse airport expansion Phase 2 is on-going and construction bidding and hiring of consultants has been completed. The construction of Nong Khang airport in Houaphanh province started in April 2013. Seno and Xiengkhouang airport are also being studied, surveyed and designed.

76. Air transportation services have been improved as evidenced in an increase in domestic and international flights. In 2012, there were 15,312 flights, an increase of about 16 percent compared to 2010. Lao Airline Company has purchased six new aircrafts (four Airbus 320 and two ATR). A new private airline, Phongsavanh airline, has opened. In 2012, there were 794,388 passengers, an increase of 23.5 percent compared to 2010. There was also a 43 percent increase in cargo transportation between 2010 and 2012.

4) Construction and development of railways

77. The Lao-Thai railway project Phase 2 from Thanaleng – Ban Khamsavath village is at the construction bidding stage. The feasibility study of the Lao-China railway project has been completed and submitted to the Government for funding consideration. The feasibility study of the Savannakhet - Lao Bao (Lao-Viet Nam border) railway has been completed. Other tasks completed include: the survey, marking of roads and railway station areas, monitoring and review the management and protection of preserve areas along the road and railway station from Vientiane capital- Bolikhamxay province-Khammouane and Savannakhet with the total length of 440 km. The volume of passenger rail transportation domestically and internationally was about 3,000 – 3500 person times /month.

5) Development of urban planning and water supply

78. **Urban planning:** there were a series of activities such as construction inspection of national level projects, particularly the Km 16 SEA Game Stadium, Kean Thao international checkpoint in Sayabouly province, Pukeu international checkpoint in Attapeu province, Nong Nok Kien international checkpoint in Champasak province, the Presidential Office construction and extension (Golden Hall), and the State Audit Organization and others. To-date, 143 districts that have undergone

urban planning out of the total 145 districts nationwide. This is an increase of 18 districts from 125 districts in 2010. The survey and design of urban planning for the remaining five districts are currently on-going and it is expected that by 2015 all districts will have urban plans. The adjustment of urban plans in Phonesavanh, Phongsaly, Samneua, Thakhek and Saravane districts have been completed. At the same time, the Government has encouraged and promoted the preservation and development of unique national architecture. There was also a concerted effort to clear Vientiane Capital of sheds and street restaurants which did not meet quality standards and did not permission to trade. The strategic plan of town development until 2030 has been completed and was presented to the Government in September 2012. The small-town development project funded by ADB has been completed and handed over by ADB with the total value of 18.5 million in 12 districts namely: Huaysay, Lamam, Namtha, Paek, Paksan, Phongsaly, Samakkisay, Samneua, Saravane, Say, Sayabouly and Vangvieng districts.

79. **Water supply:** Good progress has been made in this sector. For example urban development along the sub-Mekong region corridor (loan and ODA negotiation completed), completion of financial contract for Pakse environment improvement project, completion of water supply and sanitation project in the North and central region completion of participatory water supply and sanitation (UN-HABITAT) phase 1 and 2, water supply and sanitation in small town and 1st district group has been progressing well over 56.2 percent. Implementation of the Dongmakkhai water supply project has also begun and by October 2013, water supply in urban areas reached 63 percent of the total population living in cities throughout the country. It is expected that by 2015, the target of 67 percent will be achieved.

6.1.5 Post, telecommunication and communication

80. The postal network has been extended to 128 districts (88 percent of the total). Modern technologies have been applied in the postal service including an automatic postal service being tested in Vientiane Capital Post Office. The telecommunication services have been expanded with a fiber optical system covering 12,304 km. This is 72 percent of the Five-Year Plan target of 17,192km. The objective is to have 52,726 km of fiber optics covering all 18 provinces and 145 districts. There are 5.7 million subscribed fixed line and mobile telephone numbers, covering 88.6 percent of the total population, exceeding by 8 percent the target of the Five-Year Plan. The National Internet Centre was improved with data storage and internet service to become a one door service for domestic and international communication.

81. The internet network system has been connected with overseas systems, such as the leasing contract with Japanese NTT for connecting internet signal with cable under the sea for direct international connection. Furthermore, there are connections with VDC Ltd, Viettel of Viet Nam and CAT of Thailand for ensuring alternatives.

82. The translation from English into Lao of the Common Locate Data Repository (CLDR Survey Tool) has been completed with 6000 words or phrases with Unicode scripts to be used with various computer and mobile phone systems. A compilation of 3,814 phrases and more than 60,000 words for English-Lao-English dictionary has been completed and sent to Google Ltd. in accordance with the Lao language development and promotion plan.

83. The design of a keyboard in Lao for various types of mobile phones including smart phones and keyboard phones such BlackBerry and Nokia has been completed with 19 modes.

84. The English-Lao-English dictionary program has been completed as well as the program to change font to online Phetsalat for 60,000 words to enable the system to operate in Windows Server 2008 64 Bits and 32 bits.

6.1.6 Public Finance, Banking and Capital Market

1) Finance

85. To cope with the challenging regional and international economic environment, the Government actively implemented financial policies especially on revenue collection which have continuously exceeded the target and met the Government's expenditure demand. Budget expenditure can be controlled in accordance with the approved budget plan by the National Assembly. A budget deficit during the two and a half year period is still within the range set (3-5 percent of GDP). The debt service, particularly external debt was carried out by the Government in a timely manner and in line with contractual term, resulting in improved trust by the investors towards the Government's financial status. Significant effort has been put on the domestic debt service which was carried out in the form of discount and bond issuance, of which 5,379 billion Kip was in a form of discount, with 1,471 billion Kip reduction; 3,872 billion Kip was in a form of two and three year bonds. These have contributed significantly to the reduction of the Government's debt and has created a smooth environment for business enterprises.

2) Banking

86. The Bank of Lao PDR has implemented a tight monetary policy in order to increase money supply in line with the pace of the economic situation, which does not affect inflation, while ensuring the stability of the value of the Kip. The Bank of Lao PDR continues to use exchange rates as the main tool to maintain the stability of the national currency, adopting exchange policies that are based on state managed market mechanisms by determining exchange rate reference of Kip to United States dollars daily to provide the reference for commercial banks in determining the exchange rates within the defined areas. The foreign currency market was adjusted when necessary to ensure sufficient supply of foreign currencies to meet demand. Quality of credits has been controlled to ensure that NPL is less than 3 percent.

87. The Bank of Lao PDR has also reduced and suspended its credits to infrastructure construction projects and long-term projects with late income yielding. There has been increased dissemination of foreign currency management policy and promotion of the use of Kip through various means. A number of rules and regulations have also been developed and improved regarding: transfer of money to outside the country by commercial banks; foreign exchange agents; the use of the Kip by increasing monitoring transactions of enterprises and private foreign exchange agents; the use of the Kip for goods and services and domestic settlements; the improvement of the quality and component of the bank note, and the introduction of new 2,000 Kip notes and 100,000 Kip notes into circulation in 2012; the promotion of transaction settlement through banking system and an increase in number of foreign exchange agents.

6.1.7 Development of specific and special economic zones (SEZ)

88. In order to implement and actively operationalize the new Investment Promotion Law, alongside sectoral development in the 7th Five-Year Plan, the Government has set the targets to further develop existing SEZs and create an enabling environment for the establishment of SEZs in other areas throughout the country in order to increasingly attract foreign investment. Therefore, the Government has issued a decree on the organization and activities of the Lao National Committee for Special and Specific Economic Zones (NCSEZ), which acts as a Secretariat to the Government in researching macro-policy, and supervising and overseeing all SEZs. At present, there are 11 SEZs in Lao PDR, three of which are Special Economic Zones and eight are specific economic zones. Of the 11 established SEZs, seven have been upgraded from general concession investments which the Government has already improved to SEZs. Only three SEZs have been newly established namely: Phoukhyo, Thakhek and Beung That Luang SEZs.

89. During the past period and through implementation, it could be seen that the development and the management of the SEZs have substantially progressed, as demonstrated by the increase in investments in areas. There are 158 companies which have invested in these zones including: 113 foreign companies, 51 domestic companies and 14 joint-venture domestic and foreign companies. These companies have invested in the service sector (43.9 percent), commercial sector (28percent) and the industrial sector (28percent). Actual investment in the zones amounted to a total of US\$1,052

million, including US\$8.89 million of Government investment, US\$898 million in developers' investment and US\$145 million in small sub-investors. This resulted in the creation of 10,607 jobs, of which 3,439 went to local workers. These zones have been capable of remittance of US\$11 million including: land concession of US\$1.21 million; salary tax of US\$281,437; profit tax of US\$230,680; value added tax (VAT) of US\$2.5 million; and fees and services of US\$120,550. The zones have exported goods totaling US\$11.3 million and imports of US\$135 million. They have also remitted US\$6.5 million of dividends from shareholders to the Government. The details of each zone are as follows:

Savan-Seno Special Economic Zone

90. The zone has invested US\$68 million in basic infrastructure of which the Government invested US\$4.2 million, developers invested US\$11 million and small investors contributed US\$53 million. The zone attracted domestic and foreign investment from 66 companies (11 domestic, 19 foreign and 3 joint venture), an increase of 58 companies if compared with the past five years. Of the total investment, these companies invested in the industrial sector (43.9 percent), commercial sector (9.8 percent) and service sector (46.4 percent). Leading foreign companies to invest in the zone include Nikon, Toyota, Urai Paint Lao (producing paints for domestic sale and exports) and Aero-Works (producing airplane parts). This created 3,215 jobs of which 3,110 went to local labor and 105 to foreign labor. This labor remitted a salary tax of US\$317,603, VAT of US\$635,666 and various fees totaling US\$35,148. The zones carried out exports totaling US\$14 million and imports totaling US\$45 million.

Golden Triangle Special Economic Zone

91. Development of the SEZ-GT began in 2007 in Bokeo province with a total investment capital of US\$87 million for an area of 827 ha, the objective being aimed at tourism, commerce and services.

92. Over the past five years, US\$658 million has been invested in the area (US\$1 million from the Government accounted and US\$657 million from developers). Some achievements include: completion of the Nam Keung-Ban Mone road (46 km); construction of 6.4 kms of river bank protection; the resettlement and construction of the new village of Ban Khuane; the construction of a Chinese Cultural Quarter; expansion of the river port for waterway transportation of commercial goods; land compensation for people affected by the Golden Triangle International Airport Construction Project. The Zone has created participative projects by organizing tricycle and TukTuk service groups, boards service groups, groups cultivating organic vegetables where 114 families have participated, which is the way of income earning of 150,000 Kip/head/day. The Zone attracts investments from 59 domestic and foreign companies (instead of 52, five years ago). Investments were made to the industry sector (3.6 percent), commerce sector (46.4 percent) and the service sector (50 percent). There are 235 small entrepreneurs units coming in to conduct business in the commerce and service sectors, creating 7,674 jobs for 338 local workers and 7,336 foreign workers (foreign skilled labor is being employed to construct basic infrastructure). These workers remit a salary tax of US\$13,750, VAT of US\$408,863 and various fees of US\$88,808. Revenue from the Government shareholding dividend was US\$6.3 million and the zone has imported US\$3 million worth of goods.

Boten Beautiful Land Specific Economic Zone

93. The zone has re-oriented new developments by mainly concentrating on tourism, duty free areas, temporary goods storage etc. Previously actual investment was carried out in the construction of basic infrastructures to the amount of US\$47 million. Among these, developers invested in the construction of office and residential buildings; constructed free-duty shops in an area of 13,000 m² (60 percent complete); constructed and opened a gas station; and constructed a 23.6 ha reservoir. Research has also been conducted to build an area of economic cooperation along the border of Botene Lao PDR and Borhan in the People's Republic of China in order to promote the potential of Luang Namtha and Yunnan provinces. Presently the Zone is capable of attracting foreign investment from 22 companies from the industrial (6.7 percent), commercial (6.7 percent) and service sectors (26.7 percent).

Vientiane Industrial-Trade Area – Nonethong (VITA Park)

94. The establishment of VITA Park began in 2009. It is a collaborative project between the Ministry of Industry and Commerce of the Government of Lao PDR and the Nam Way Development Co. Ltd. (Taiwan Chinese). The Government of Lao own 30 percent of the capital through land shares (110 ha), whilst the Nam Way Development Co. Ltd hold the remaining 70 percent through an investment of US\$43 million. The main objective of development is to transform the zone into an industrial and commercial area. At present, approximately 60 percent of the development has been completed; displaced persons have received land compensation and a natural sewage ditch and surrounding fence have been constructed. Until actual investment has totaled US\$92 million of which the developers have invested US\$13 million and small investors' have contributed US\$78 million. The Zone has attracted investments from three domestic companies, 29 foreign companies and one joint local-international venture. Actual investment amounts to US\$43 million in the industrial sector (46.4 percent), commercial sector (28.6 percent) and service sector (25 percent) of total investment. The VITA Park has created 1,173 jobs generating employment tax from domestic and foreign labor of US\$41,352. The Zone has exported goods totaling US\$26 million and imported goods costing US\$47 million. It has remitted tax obligations of US\$300,474. The Zone has remitted the Government shares dividend of US\$197,872 and profit tax of US\$61,250.

Phoukhyo Specific Economic Zone

95. The Zone has actively developed and total investment amounted to US\$16 million. Developers invested US\$11 million and sub-investors invested US\$5 million. The Zone was attracted domestic and foreign investments from 16 companies (four local, seven foreign and five domestic-foreign joint ventured companies) and created 72 (60 local workers and 12 foreign labour). The Zone has collected US\$700 from various fees. It continued to collaborate with the People's Republic of China's Institute of Urban Plans Design to amend the model of urban planning. The Zone has paid 3.6 billion Kip in land compensation, constructed a road (2.4 billion Kip) and launched the construction of the Zone's periphery roads.

Saysetha Development Specific Zone

96. The Zone has concentrated on constructing basic infrastructures. Construction of the Zone access road and offices have been completed and 34 billion Kip in land compensation has been paid. The Zone has attracted US\$83 million in investments including US\$10 million of Government investment, US\$37 million from developers and US\$37 million from sub-investors. It attracted investment from nine companies (two domestic, five foreign and two domestic-foreign joint-venture). It has also created 214 jobs of which 82 went to local workers. The Zone has met the obligations by remitting salary tax of US\$20,873, VAT of US\$9,245, and organized to collect various fees and taxes totaling US\$6,862. The Zone has imported goods worth US\$66 million.

Thatluang lake specific economic zone

97. Development of the Zone began in 2011 in Vientiane Capital. The Zone covers an area of 365 ha and has an objective to accelerate development of industry, commerce and service. In the past five years, the Zone has focused on the capital into development, amounting to US\$134 million within which, the developers have put investment fund of US\$7 million the capital from sub-investors was approximately US\$57.5 million. The Zone could attract investments from two domestic companies and nine foreign companies. The Zone concentrated on land compensation and compensated 375 out of 485 pieces of land costing 74.7 billion Kip (US\$9.3 million). The Zone has finished construction of a road linking Road No. T 4 to the traffic lights of Phonethanh, a three-way junction entering the Zone. The Zone has surveyed, designed and constructed a road to the periphery of None Wai Village; finished digging a pond; completed the construction of office buildings and staff dormitory; and built a 8,000 m long ditch surrounding the Zone (in lieu of a fence). It has constructed Road No.2, a 2,400 m long road surrounding the pond and finished the construction of the Road No. 5, 8, 9. Construction of twelve 18-story high condominiums has begun at a cost of US\$174 million. Since April, US\$57.4 million has been spent on the construction which is 33 percent complete. The work created 639 jobs (215 local laborers and 424 foreign laborers). It has remitted salary taxes amounting to US\$54,868, fees of US\$6,313 and has imported goods costing US\$8 million.

Dongphosy Specific Economic Zone

98. The Zone has focused US\$10 million into development with investments from developers totaling US\$ 8, million and US\$2 million from sub-investors. It has compensated 73 families residing in the projects' area the sum of 7,525 million Kip and has paid US\$152,977 for land concession. Access roads No.1, 2 and 3 have been constructed to the amount of 28 million Kip, for two out of four landowners. The Zone has completed poles marking the zone frontiers and re-inspect the boundary of the Government's land which has been permitted to UPL Lao Company for an area of 513,583. In parallel the holes filling within the Zone has been 95 percent completed and will be finished 100 percent soon. The Zone has accomplished the environment assessment and has received a certificate from the Ministry of Natural Resources and Environment. It has finished the amendment of the Zone's master plan and is waiting directions from higher authorities'. UEZ-DP has been publicized and attracted domestic and foreign investments of US\$571,570 which will create jobs for 46 people including 30 local workers. It has remitted salary tax of US\$6,751 for domestic and foreign labor. It has also collected fees and services amounting to US\$345 and imported goods costing US\$92,955. It has earned just over US\$1 million to support and assist society.

Long Thang Specific Economic Zone

99. The Zone has invested over US\$107 million in its own development which includes a developers' fund of US\$106 million and sub-investors' fund of US\$1 million. It was able to attract domestic and foreign investments from one domestic company and three foreign companies and created 588 jobs, of which 525 went to local workers. The Zone paid US\$1 million in land concession and remitted salary tax of US\$140,468, a profit tax of US\$169,430, VAT of US\$1.2 million and US\$772 in fees & services . The Zone has imported goods amounting to US\$18 million. It has completed the construction of an 18 hole golf course which has been opened and is being expand to include 18 more holes. Four tennis courts, four badminton courts, a swimming pool and three villas are also being constructed, as well as a car park, guesthouses, canteen, roads and streets, electricity and water supply systems. It has also compensated the 275 families who were affected by the projects for their land (468 ha) at a cost of US\$1.4 million.

Thakhek Specific Economic Zone

100. The Zone has also drafted regulations on immigration and other regulations. Thakhek Specific Economic Zone has compensated for 165 pieces of land amounting to approximately more than 5 billion Kip equivalent to 21.5 percent of the plan. It completed the construction of the Zone management office. Total actual investment was US\$35 million of which the Government invested US\$952,527 and developers invested US\$18.8 million. The Zone could attract domestic and foreign investments from 19 companies in total, investment in industry sector covers 23.5 percent and service 52.9 percent which created 64 jobs of which 35 went to Lao workers. The Zone has imported goods amounting to US\$2.4 million.

Champassack Special Economic Zone (C-SEZ) :

101. Establishment of this new special economic zone was approved in August 2015 and it will have a total area of 995 ha. The concession period is 50 years with the total investment capital of US\$162 million aimed to build it into industry and service zone. At the preliminary stage, the Zone has been divided into two points namely: Pakse-Japan SME Industrial Park (11A) and Champasak Lao-Service Industrial Park (11B). During the past period, though actual implementation, C-SEZ has focused on staffing and improving the organization structure of the Zone's Board of Directors (BOD) in consistence with mechanism system for small administrative units in a large society. The Zone has issued business registration certificates to six companies which were previously general investing companies, to be dependent on the Champassack Special Economic Zone BOD. The Zone has concentrated on supporting the developers of each point so they actively implement the concession agreement and the pre-determined master plan.

6.2 Social Development

102. Social development is gradually improving especially in terms of access to social services such as education, health, information; advocacy of the Party-Government policies are broadly and timely; society is peaceful, safe, people are protected and they have their rights fulfilled enabling them to fully contribute to the development of the nation.

6.2.1 Education and Human Resource Development, and Sports

1) Education and Human Resource

103. The Government has placed significant importance on human resources development and has allocated increased budget to education and sports which covers 17 percent of the total government expenditures to improve and develop education infrastructure and improve teaching-learning from nursery, kindergarten, and primary school to university. The focus has been on achieving the MDGs, developing new curriculum for vocational study to respond to the demand by the labor market.

104. Many project implementations have been localized namely the development of quality education project, accelerated education for all, basic education development, dormitory building for students, school lunch and food supplements project implemented in 30 districts in 6 target provinces contributing to increased attendance rate while reduces drop-out rates, expansion and improvement of technical schools in the three southern provinces and others. In addition, block grants are provided for school administration to all primary schools nationwide based on a unit cost of 20,000 Kip per student per FY2011-2012 and increased to 50,000 Kip in FY2012-2013.

105. For kindergarten, primary school, secondary school and high school receive 20,000 per person per year. This has gradually improves the quality and quantity of Lao education which is evidenced in the actual implementation of various targets. The target that is expected to be achieved is school enrolment rate by children between 3-5 years which increased from 22.1 percent in FY2009-2010 to 33 percent in FY2012-2013 while the target for FY2014-2015 is 43.20 percent. The school enrolment rate by children at the age of 5 preparing for primary school has reached 52.9 percent in 2012-2013 and 66 percent in FY2014-2015 while the 2014-2015 target is 55 percent, net primary school enrolment rate increased from 92.7 percent in FY2009-2010 to 96.8 percent in FY2012-2013 and 98.6 percent in FY2014-2015 the target for 2015 is 98 percent, literacy rate among the age group of 15-24 has reached 89.1 percent and the target for 2015 is 99 percent, literacy rate of the population above 15 years old has increased from 81.7 percent in FY2012-2013 to 93.6 percent in FY2014-2015 while the target is 87 percent. Enrolment rate at secondary level exceeded the plan targets – at lower secondary level 78 percent in FY2014-2015 (plan target is 75 percent) and upper secondary level 45.7 percent (plan target is 43 percent). The repetition rate of primary school students has reduced from 15.2 percent in FY2009-2010 to 7.2 percent in FY2012-2013, to 6.9 percent in FY2013-2014.

106. The information, communication technology (ICT) project has been implemented to improve secondary education. With support from the People's Republic of China, model secondary schools are being constructed in each province and will be linked with an ICT Centre at Ministry of Education and Sports (MoES) in Vientiane. Nevertheless, enrolment rates at secondary and high school has been progressing from 69 percent and 37.4 percent respectively in FY2012-2013 to 74.4 percent and 41.3 percent in FY2013-2014. This indicator is one of the criteria for assessing whether the country will exit from the LDC status by 2020.

107. The targets that face significant challenge in achieving them include survival rate of primary school students which reached 71.4 percent in FY2012-2013 and 78.3 percent in FY2014-2015 while the target is to reach 95 percent by 2015. Although investment has been put into building more educational infrastructure, the repetition and drop-out rates still increase, in particular at primary school 1 and 2. The ratio between girls and boys at primary school is 0.95, at secondary school is 0.91, high school – 0.84, and vocational education – 0.6. Therefore it can be concluded the higher the level of education, the wider it is for the gender parity.

To eradicate illiteracy, mobile teaching has been piloted to teach children between 6-14 years old outside school in the remote areas in three provinces including Savannakhet, Khammouane and Sekong under the Education for All program to enable the children to study. Currently, there are 148 districts in 10 provinces that have completed primary level. However, the main challenge in implementing this task is the lack of teaching materials and teachers, as well as the limited budget.

108. Infrastructure for Vocational Education institutions has been improved in Savannakhet, Sekong and Attapue province. In addition, there is also a policy to provide allowances to students from poor families and remote areas. This has contributed to increased enrolment rate. Less than 7 percent of the students studying at the level of vocational and college level choose vocational education. Merely 12 percent choose to study agriculture and the rest study in the area of industry and services. Therefore, it results in a situation where subjects studied do not meet labor market demand as stipulated in the 7th Five-Year Plan (FY2011-2015).

2) Sports

109. The sector has been continuously developed and is gradually and orderly grown. The sportsmen, trainers and the decision-making committees for various games of sport, have been widely, trained, for each age-generation, both domestically and abroad. The sector has organized the 9th grant national tournament in Luang Prabang province, 10th in Oudomsay province in enthusiastic and widely movement manner. The sector has participated in the 26th SEA Games in 2012, in Indonesia and has won 58 medals and 27th in Myanmar having won 13 golden medals, 17 silver medals and 49 copper medals. Most specially, has host the 16th ASEAN University Tournament. Despite of many multi-dimensional achievements the sector is still at risk of achieving the targets of constructing sportsmen in various types of sport to obtain 15 percent of the people aged between 3-35 years of age.

6.2.2 Health and nutrition

1) Health sector development

110. Substantial achievements have been observed. The health networks have been widely expanded and increasingly reached out to remote areas. Presently there are 985 health service centres, 840 of which are capable to render birth delivery services. There are 135 district hospitals within which 20 district hospitals are capable of conducting surgery. There are 17 provincial hospitals which are able to fundamentally carry out general treatment service activities; can execute general and urgent surgery, receive patients transfer from district hospitals for birth delivery by operation. Certain number of provincial hospitals have improved their services up to specialist levels in some medical branches and capable to render services of quality equivalent to the central hospitals and they will develop and transform themselves to become regional hospitals in the future. There are five central hospitals and three specialized treatment centers and 16 private hospitals which officially operate in accordance regulations (10 in Vientiane Capital and 6 in the provinces). There are 1,044 private disease diagnosis rooms which have been approved by the Ministry of Health to be officially opened (377 in Vientiane Capital and 667 in local areas)⁷.

111. Promotion of health and disease prevention; the sector has focused on building model health villages in accordance with eight contents of safeguarding primary health. Presently there are 5,492 model health villages covering 64.8 percent of the total number of villages across the country. Including in these, 290 villages of the Government focal point villages groups covering 59.2 percent the total villages in the focal point village groups of the Government (there are 490 villages). The sector has managed to develop 107 three builds out 109 villages in 51 pilot districts⁸. The World Health Organization (WHO) has re-estimated the problem of tuberculosis in Lao PDR, it has been observed that the prevalence of all forms of tuberculosis in Lao PDR was 514/100,000 persons; the

⁷Report on FY2013-2014 Plan Implementation, Department of Healthcare.

⁸Report on Health Village Establishment 2013-2014, Department of Hygiene and Health Promotion.

incidence of new case of tuberculosis is 204/100,000, the mortality rate due to these is 11/100,000, the ratio of actual discovered tuberculosis is 62/100,000 (30 percent)⁹.

112. With regard to the prevention of HIV/AIDS and other STDs, the sector has expanded the consultation venues to 165 places across the country (55 places at provincial level, 89 at district level and 21 health centers). Until now the rate of HIV infection among the general population stands at 0.3 percent (the target for the year < 1 percent). The rate of HIV infection among sex workers, aged 15-49 is 1.2 percent (target for 2015 was <5 percent), the rate of HIV infection among homosexuals between 15-49 years of age is 2.4 percent (target for 2015 was <5 percent), the ratio of sex workers using condoms is 92.5 percent (target for 2015 was 95 percent). The ratio of adults and children infected with HIV being treated with anti-viral medicines is 53.4 percent (target for 2015 was at >90 percent)¹⁰. With regard to fever caused by mosquitoes, parasites and insects, 256,200 treated mosquito nets were distributed to targeted families residing in mosquito-infected fever areas 2 and 3 (8,500 mosquito nets for pregnant women and 247,700 general mosquito nets)¹¹.

113. It has found that there are 12,850 cases of mosquito infected fever across the country, within which there are new cases covering 7.97/1000 and the mortality rate due to mosquito infected 0.29/100,000.

114. Maternal mortality rates currently remain at 220/100,000 live births, as per the assessment by WHO in collaboration with the United Nations Secretariat, the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA) and the World Bank. Based on these figures it can be shown that that Lao PDR has achieved the target in 2015 (260/100,000) but the survey on the index marking Lao society, it has been shown that the maternal mortality rates remain at 357 per 100,000 live births. The percentage of births with help of medical staff is 58 percent, exceeding the 50 percent target for 2015. The mortality rate of children below 1 years of age has decreased from 68 per 1,000 live births in 2011 and remained at 32 per 1,000 live births in 2015 (target being 45) and the children below 5 years of age mortality rate has attained 79 per 1,000 live births in 2011 expected to remain 72 persons per 1,000 live births in 2012 (the target being 70 persons). The ratio of people with access to clean water was 84 percent in 2014, exceeding the 80 percent target set for 2015. The ratio of people with access to sanitation facilities was 65 percent, again exceeding the target of 60 percent set for 2015.

115. Along with the achievements, some tasks and certain number of targets are still at risk to be achieved in accordance with the plans, in particular the ratio of the children below 1 years old having received vaccines of chicken has been only 85 percent completed in 2013 (the target was 90 percent). Regarding birth control, only 49 percent has been achieved in 2014 whereas the target was 55 percent and the ratio of pre-natal medical checkups four times, reached 46 percent in 2014 the target was 69 percent.

2) Nutrition

116. Nutrition is one of the sectors that faces challenges in the implementation since it is associated with several sectors such as food security, food access and food consumption. To counter these, it requires effective collaboration and shared responsibilities among the concerned agencies including sector of health, education, agriculture, environment, industry and commerce, etc. This is to ensure food security and nutrition from household level to the national level.

117. In the past years, the National Committee for Nutrition was established and there has been efforts in promoting hygiene – disease prevention to change living style behavior of people according to the '3 clean' principles such as drinking boiled water, eating cooked food, using latrines. The most important aspect is promoting eating behavior of children that they should eat all food groups by providing milk and food supplements to children at schools, distribution of Vitamin A, de-worming

⁹Report on 2013-2014 Plan Implementation on Tuberculosis, Tuberculosis Centre

¹⁰Report on 2013-2014 Plan Implementation on HIV/AIDS and STD Control and Prevention.

¹¹Report on 2013-2014 Plan Implementation, Centre for Parasitology, Entomology and Malaria Control.

medicines, iron and zinc for children and women in reproductive health age. Nonetheless, there are challenges in achieving several targets set in the five year plan such as achieving target of prevalence of underweight children under 5 years of age which has very slow progress, based on the Multiple Social Indicator Survey (MICS) 2011, achieving only 27 percent compared with the target of 22 percent by 2015; the prevalence of stunting children under 5 years of age (chronic malnutrition) is also still lagging behind reaching on 38 percent but the 2015 target is 34 percent. Therefore, increased efforts need to be mobilized in order to achieve these targets.

6.2.3 Labor and social welfare

1) Regulatory framework

118. The sector has improved and created legal instruments so that these would be bases for implementation the labor and social tasks for examples: improving the labor law, has prepared the law on social security, improving the decree on minimum wage for the labor forces working in business, production and service units, from 626,000 Kip/month to 900,000 Kip; drafting a decree on social relief and handicapped people

2) Labor

119. There have been more improvement and expansion of the basic infrastructures for training and developed laborskills for instance: completed the construction of labor skill development centre in Southern Part of Champasak and Savannakhet; improved two labor skill development centers in Oudomsay and Bokeo in the Northern region. The sector has also upgraded the Lao-Korean vocational training Centre to become an institute of Lao-Korean labor skill development. The number of vocational training centers and labor skill development centers across the country has increased from 153 places in FY2009-2010 to 165 places in FY2014-2015.

120. Ten centers are under the labor and social welfare sector; 52 centers under other sectors; 13 are under the mass organizations and 90 are under private and business parties. The sector has developed curricula for teaching and learning vehicles mechanics, electricity and IT technicians and upgrading them from skillful technicians to engineers and managers. The sector has also prepared manuals three more subjects namely: construction, electronics and plumbing. It has also prepared standards for labor skill in buildings construction and vehicles; developed 27 careers branches which exceeds the Five-Year plan by 35 percent; organized a national labor skill competition and continuously participated in the ASEAN labor skill competition. The sector has supplied 277,439 laborers to various labor using units (in which there are 136,773 females), comprising of 67,677 persons in agriculture sector (30,422 females), 123,051 persons in industrial sector (59,437 females) and 86,711 persons in the service sector (47,004 females). The sector has supplied a labor force of 167,665 persons including 81,581 females to domestic production units; procured jobs abroad for 109,774 persons including 55,192 females and imported foreign labor of 173,092 persons to various labor user units in line with the determined regulations. The employment rate stands at 2 percent. In the past five years, the sector has organized training course on labor skill for the labor forces of 248,765 persons including 114,300 women, which exceeded the Five-Year plan by 12.3 percent (or by 221,583 persons). Within which, 97,953 persons are in agriculture sector including 42,515 females, 61,405 in industrial sector including 29,113 females and 89,407 in service sector including 42,672 women.

121. The sector has expanded employment service centres in Vientiane Capital, Borikhamxay, Khammouane, Savannakhet, Champasak, Vientiane Province, Luang Prabang, Oudomsay, Sayabouly. It also has organized the labor market exhibition in Vientiane Capital and Champasak province where 217 business units have participated. There was a total number of participants of 13,208 persons, creating opportunities for the labor users and workers to meet and exchange information on the labor markets' demand and supply. At the same time, the jobs procurement in the Government administrative sector has been achieved, ie 66,340 people have been employed. In summary, in the past 5 years, the jobs have been procured for 343,779 people which exceeded the Five-Year plan by 24.2 percent (276,828 people). Due to these efforts, the labor forces structure has been oriented in the industrialization and modernization directions step by step. The overall employment ratio in

agricultural sector declined from 71.3 percent in 2010 to 65.3 percent in 2015 that of industrial sector increased from 8.3 percent in 2010 to 11.4 percent in 2015 and increased from 20.4 in 2010 to 23.3 percent in 2015 for service sector. The labor forces who are employed consisted of 3,021,212 persons in 2010 covering 51.9 percent of all Lao citizens (5,818,447) and approximately 3,754,294 persons in 2015 covering 55.7 percent of the total number of Lao citizens (6,743,000) an increase of 24.3 percent if compared with the previous number of employed labor.

122. Labor management: the sector has deployed staff to follow up and support the implementation of labor management regulations in various of units of business, production, and service and investment projects all together 6,582 venues, exceeding the 5 years plan by 88.05 percent (pre-determined at 3,500 venues). It has carried out disseminations on law on labor and related legal instruments in 998 venues of various labor users, exceeding the 5 year plan figure by 66.33 percent (600 venues). It has surveyed the situation of labor forces and child labor in Lao PDR for the first time, which will be used as the base line information for setting labor development plan. It has prepared and declared the National Action Plan for Protection and Elimination of the Child Labor abuse in Lao PDR for 2014-2020. It also actively protects the rights and benefits of Lao labor abroad, in particular, the compliance with plan that the Government has approved, regarding the changing the illegal labor status in neighbouring countries, to be under legal labor management system, 3 times for 90,601 persons including 48,683 females. Apart from this, it pays attention to implement the Decision No. 03/PM on the solution of foreign people who conduct their living by trading and getting employed in Lao PDR, in collaboration with concerned parties at local and central levels to get listed, 61,093 people have been solved.

3) Social Welfare Performance

3.1 Social Welfare

123. The social security has been ameliorated for better so that it is capable to render service in increasingly providing various subsidies for the secured people and their families. Up till now this has been expanded its coverage boundary, of social and health security of 30.2 percent of the total number of Lao citizens. The social relief, pension, handicap and crippled people: the sector has put efforts to launch campaign to raise assistance from domestic parties as well as foreign countries in order to relieve the hardship for the victims of disasters, yielding received amount of 2.4 billion Kip (US\$641,999,576,500 Baht) and others in material forms costing 2.9 billion Kip. It has delivered assistance to the victims of natural catastrophe, displaced people and the people who are deprived of opportunities, across the country, in the forms of consumption materials to 205,054 families, costing 49.8 billion Kip. It has carried out the policies for the people who have good deeds and performances in serving the national liberation in compliance with the Decree No.343/PM in the case of priority objectives, to 11,279 sirs (senior people) equivalent to 26.04 percent of the Five-Year plan (43,314 sirs) amounting to 27 trillion Kip, general objectives to 3,888 sirs amounting to 32 trillion Kip; has campaign for the society to contribute the construction of 29 houses costing 1,846 million Kip for senior revolutionaries, 5 houses costing 195 million Kip to the handicapped staff and solving the pension as per the Decree No. 241/PM for 846 persons.

124. Elderly People: The sector has continued to maintain and ameliorated the national committees' organizations of the elderly and crippled people from the central down to local areas, creating favourable conditions for the public and private organizations, the families and the society to assist and care for, by increasingly contributing materials and mental supporting the elderly people, by international elderly people's day celebrating, marching for health, giving opportunities to them to meet each other's and exchange of views, as well as organizing free health examinations. Build favorable conditions for the association of handicapped people to more widely conduct activities to protect the handicapped people's rights and benefits. The total number of the handicap association is 7 associations, members at present is 69,161 including 22,051 females equivalent to 8 percent of the total number of handicapped people across the country.

6.2.4 Information, Culture and Tourism

1) Information

125. The sector has modernized and expanded the mass media system quantitatively and qualitatively in order to broadly provide information and news to the society increasingly in details. It has gradually replaced the analog system with modern digital system; developed and improved the radio transmitting stations from the central to local, by diffusing to the public in 700 hr per day, broadcasting in the languages of Lao, Hmong, Khamou, French, English, Khmer, Thai, Vietnamese and Chinese, the Party's resolutions and the state approaches. Presently there are 63 radio stations: 11 in the central and 19 in the provinces and 33 in the districts. The land based transmission stations cover an area of 90 percent of the total country's area expected to increase to 95 percent in 2015. The TV media has also developed qualitatively and improved the broadcasted contents. Currently, there are 37 TV stations (3 private and 5 repeaters from foreign transmission) 9 in the central 17 in the provinces and 11 in the districts. These carry out normal land broadcasting in images and sound covering 89 percent of the total country's area and broadcasting through satellite covering 100 percent of the total country's area and reach many countries in the world directly and through internet. The local stations can broadcast at least for 2-3 hours per day (locally produced programmes). The media through printings has been expanded quantitatively and qualitatively, in 2014 there are 127 media published papers, including 27 newspapers: 11 daily newspapers. The sector has also established a *Pasason Newspapers* printing house in Champasak. Has completed installation of 2,722 units of radio broadcast speakers in various villages across the country, including 109 targeted villages where pilot *3 Build* projects are implemented and 24 focal-point developed villages.

2) Culture

126. The fine cultural value of the legacies which are the unique identity of Lao population and ethnic minorities have been inherited, protected, continuously developed and expanded. The sector has supported and promoted innovations of arts and literature and shows so they are enriched with lots of various colours and patterns. The publishing has been widely expanded quantitatively and qualitatively. The sector has paid attention to manage and inspect the domestic printings as well as imported printings from foreign countries. It supports the organizations, individuals and corporates in writing, translations and books; organizing competitions of writings and literature in the era of campaigning the *3 builds policy* implementation and various national days. It has selected many writings to be sent for competition at ASEAN level and sub-regional level. There are 1,134 state and foreign libraries rendering services of providing knowledge and information; bringing books and printings to the population, schools and education institutes; supported the movement of forming *culture families*, villages and village groups. Since 2007 till 2015, there are 780,588 culture families, equivalent to 68.21 percent of total families across the country, completed the formation of 4,762 culture villages equivalent to 56.3 percent of total villages across the country and 104 culture village groups equivalent to 9.9 percent of total villages across the country and it is expected in 2015 to have 100,000 culture families 700 culture villages and 5 culture village groups.

127. The sector has collaborate with the local authorities in conserving the newly discovered sites of old legacies and renovated certain number of old and deteriorated sites, specially has completed the construction of the *old Vientiane city central pillar chapel*, Phrabang Chapel. Completed the survey, excavation and saving the discovered old underground archaic antiques to be preserved them and survey cultural and historic legacies, ancestors' archaic sites; submitted to be a world heritage candidate site, for a newly discovered historic site of Souvannadome Kham City in Bokeo province. The sector has developed and promote the valuable architectural and craftsmanship works such as statues and sculpture works. The sector has finished making first generation revolutionary leaders' statues where in the first phase, completed the meting metal and molding of the President Kayson Phomvihanh and installed in Viengsay district, Houaphanh province and in Savannakhet. In the phase 2, making the statues of the first generation leaders such as: Phoumy Vongvichit, Sisomphone Lovanhay, Phoun Sipaseuth, Sithon Kommadam, Faidang Lobliayao and Touya Saychou and installed them in their respective birth village and district based on high authorities' resolution.

3) Tourism

128. There has been an upward trend in this industry. From 2011 to 2014, total revenue earned from tourism increased constantly year by year (see Table 5).

Table 5: Number of Tourists and Revenue Collection from Tourism

Detail	Unit	2011	2012	2013	2014	Est. 2015
Tourists	Person	2,723,564	3,330,072	3,779,490	4,158,719	4,332,000
Annual growth rate	%	8%	22%	13%	10%	10,5%
Revenue	USD	406,184,338	506,022,586	595,909,127	641,636,543	672,192,000

129. In 2014, there are a total of 1,916 tourist attractions; of which, 1,093 are natural attraction sites, 541 are cultural attraction sites and 282 are historical based attractions sites. Of the total attraction sites, 145 places have already been surveyed, 24 have already been surveyed as well as accounted for in terms of future development, 2 are already the world heritage and 20 are listed as the national heritage. Throughout the nation, there are 290 travel agencies, 75 affiliated companies, 491 hotels which consists of 18,931 rooms, 1,868 guest houses with 20,851 rooms, 1,744 restaurants and 168 entertainment centers.

6.2.5 Justice

130. During the past two and a half years of implementing justice related works, there are many highlights especially the implementation of the strategy on the state governed by law in accordance with the direction of building the state from the people, by the people and truly for the people. The justice sector has been the focal point for coordinating with relevant sectors to review and comments on new draft law development and improvement of old laws totaling 68 versions, 26 ordinance drafts, 154 decree drafts, provided legal comments on over 411 drafts for negotiations and contracts. Legal disseminations have been carried for multi-ethnic people in villages and Kum Ban areas totaling 14,708 times, over 2 million listeners, more than 600,000 of which are female. The sector has disseminated Law of Rights Protection and Benefits of Children under 18 in 990 villages and 105 schools, 201,464 listeners; printed 122,412 copies of compilations of over 90 laws and disseminated one set to each village and Kum Ban; 697,176 case free families have been developed, equivalent to 174 percent implementation rate exceeding the target by 74.3 percent. 5,727 villages have been certified as case free village. Capacity of the village mediation units has been strengthened in 5,534 units and able to settle 16,160 disputes at the village level out of the total of over 17,000 cases. The sector has provided training on basic law education to 28,057 people, of whom 5,813 were female and 22,266 were core personnel in villages and Kum Ban.

131. In addition, the court decisions on 5,953 cases have been implemented which is equivalent to 53.1 percent of the total existing court decisions, which is very low compared to the plan target of 70 percent. Debts and fines for the government and victims amounted to 63.28 million Kip, 43 million Baht and US\$8.1 million have been collected. 85 economic disputes have been solved amounting to 18,500 million Kip, 4.9 million Baht and US\$600,000. The sector also completed certification of originality of 73,898 documents, collected service charges and fees totaling 9,350 million Kip.

132. Besides, there is a focus on carrying out justice activities in the grass root level and implementing three-build directive in 51 targeted districts by focusing on law development and improvement especially the development and reviewing on civil law and criminal law; worked on court records, family registration, citizenship, child adoption, legal enterprises and resolved economic disputes.

6.2.6 Population, Gender, Advancement of Women, Mothers and Children

1) Population Development

133. Currently, Lao PDR has small population compared to that of neighbouring countries and majority of the population is mostly youth with 60 percent of the total population are in the age of below 25. Comparing to Viet Nam, Thailand and Cambodia, Lao has the most youth composition of population and will continue to increase. However, the Lao youth population still has low skill level and is not being able to meet the current development demands

134. Population below at the age of 20 and below covers about 60 percent of the total population is considered to be the core labor of the country. But the contribution rate of these labors is still very low resulting in missing an opportunity to gain from the 'demographic dividend'. Therefore, in order to benefit from having youth population, the Party and the Government has been focusing on improving and developing human resources especially in increasing more investment on education and health sectors, so that people receive education, are knowledge and healthy. In addition, the government has also focused on developing labor skills.

2) Gender Development and Gender Equality

135. The Lao Women's Union (LWU) has been focusing on promoting the directions of the Party, the laws of developing and protecting women and other laws, the Convention on Eliminating All Forms of Discrimination Against Women (CEDAW) and gender roles together with hosting workshops on enhancing political theories and the preservation of the nation's great history to the members of the union as well as to various ethnic women groups for a total of 722 times. The promotion is communicated through 469,200 LWU newspapers and Lao magazines, 580 knowledge programs for women, of which 280 are TV programs. The media on promoting gender development and equality have been improved and expanded to reach the national level encouraging the greater exchange of information at central and local level. The LWU historic room as been improved both in the content and appearance. The LWU at each level has received the improved leadership directions, the work plans on strengthening the union at district level, the trainings on leading and protecting women's related works, and the capacity enhancement on political theory, professions, technical and foreign languages. In addition, the LWU's website has also been established and Viengxay Cave, where the LWU was initiated has also been renovated.

136. The LWU has also led the implementation of the '3 Goods' campaign: good citizen, good development and good family from the period of 2011 - 2012. Throughout the implementation, it has been concluded that, there are 456,717 LWU members who have met the '3 Goods' criteria covering 82.2% of total participants and 278,358 families have been qualified as 'good and happy families'. Moreover, there are 2,902 village women unions covering 33.8%, 97 district women unions and of that figures, only 68 villages and 32 districts met the '3 Goods' criteria.

137. Additionally, the LWU has also conducted research in 10 provinces on the existing laws of women's retirement as well as working on ensuring the availability of counselling services and the protection of women and children's rights. The Union has provided counselling to women and children in needs by working in conjunctions with concerned organization to solving the problems those women and children encountered. To make the counselling services effective, the LWU is making sure these consultants receive proper knowledge by conducting a total of 99,590 training sessions with 74,087 participants, of that 53,559 are females. Also, the LWU has been working closely with Ministry of Health in providing basic knowledge trainings on nutrition, supplemental cooking creating 1,500 health professions at village levels (600 females and 900 males).

138. LWU and Women Unions at each level have actively committed to support female officials in order to allow women to participate in leadership roles in each area. Consequently, the number of women in leadership level in each area covers about 5.4% against the target of 15% as determined by the 9th Party Congress Resolution. Designed training curriculum and conducted vocational trainings to support 8,791 poor women and 1,009 deprived people (1,003 were women). Female entrepreneurs take ownership in running their own businesses contributing to creating significant employment for many women. LWU also led the LWU village and grassroots funds which consist of 3 forms: 1) Fund

to help each other at provincial level; the districts, some ministries and central organizations with total of 5,211 members and total revolving fund of more than 21 billion kip; 2) Village Saving Groups of women's unions in provincial levels within 109 groups, 84 villages in 6 districts with total of 35,124 members and revolving fund of more than 121 billion kip. The objective is to support commercial production and help when people are unwell. 3) Micro financial institution which accepts savings for women and family development was established in 2009 with the approval by the Bank of Lao PDR and thereafter opened for services in 5 branches: Hatsayphong district branch, Saysettha district branch, Vientiane Capital branch, Phonehong district branch in Vientiane Province, Thaphabath and Bolikhan districts branches in Bolikhamxay Province. These institutions now have 2,777 clients and total deposit of approximately 2 billion kip.

139. LWU has continued the cooperation with women's organizations of the strategic friendly countries, nations within ASEAN and other countries; it succeeded in hosting the 1st ASEAN Ministerial Meeting on women, which adopted the Vientiane Declaration on "gender promotion and ASEAN women partnership for sustainable environment"; this will further uplift the Lao women's role in the international forum.

3) Promoting Advancement of Women

140. There has been a progress in this area such as the completion of the 7th Five-Year national strategic plans for promoting the advancement of women and integrated the strategic plans into sectors and local strategy. Furthermore, there has also been propaganda and a provision of knowledge to government officials in relations to gender roles, the promotion of advancement of women, the Convention on Eliminating All Forms of Discrimination against Women (CEDAW) and the elimination of all kinds of violence against women. In addition, the website of National Commission for the Advancement of Women has been developed (www.laonkaw.gov.la), the advocacy materials such as the 6th and 7th National Periodic Report on the implementation of CEDAW, the DOHA declaration, newsletters, NCAW pins and other related items were also developed and printed.

141. The structure of the Lao National Committee for the Advancement of Women, the Committee for the Advancement of Women at ministry, organizational, provincial, capital, districts, villages and municipality levels have been reorganized in conjunctions with the actual practicality. Seminars and trainings on gender connections at sector and local levels have been conducted to highlight the importance of gender equality and the anti-domestic violence especially against women and children into poverty and development criteria as well as carrying out the dissemination campaign and implementing in the government focused areas.

4) Mothers and Children

142. There has been a completed reorganization of the National Commission on Mother and Child (NCMC) at 17 and 14 central and provincial levels respectively. The NCMC has carried out the dissemination campaigns on child rights, printed and distributed the CRC booklets and the 2nd optional protocols, the books on the organization and implementation of the NCMC, Mother and Children Strategy 2011 – 2015 and the Mother and Children Action Plan 2011 – 2015 have also been produced and distributed.

143. The NCMC has also been working closely in collaboration with Ministry of Health and local authorities to carry out the immunization campaign achieving 97 percent which exceeds the target of 95 percent. In addition, the NCMC with other related organization has started the Lao Youth Stay Away from Drugs programmes, launched at Thatkhao primary and secondary school in Vientiane Capital.

144. In collaboration with the National Commission for the Advancement of Women (NCAW), the NCMC has organised the talks, scientific meetings and seminars on anti-violence against women,

protection and elimination of violence against women and children, seminars on establishing the development of families, villages and districts for ministries, concerned sectors, teachers and students from the National University of Laos during the National Children's Day and other important events. Last but not least, the NCMC has also conducted a field visit to support the work on mothers and children in 4 Southern provinces and 6 Northern provinces on the reorganisation of structure on Strategic and Action Plans 2011-2015.

6.2.7 Adolescent and Youth development

145. There has been a campaign on the building and development of adolescent and youth to become more knowledgeable, skilled and capable in order to meet the market demand as well as developing and promoting the increasing number of youth entrepreneurs. In connections to the projects on constructing the adolescent centre and youth history hall, the Lao Youth Union has focused on training and enhancing the capacity of youth leaders and adolescents on the theoretical leadership skills and organizing the adolescent camp with 2,000 active participants. Furthermore, trainings on other field such as beauty, salon and tailoring have also been conducted in Oudomxay province, Xayyabuly province and in Vientiane capital at Xayxettha, Chantabuly, Sokotthabong and Hatxayfong districts. The trainings have supported 6 youth from the deprived areas to complete their beauty and salon courses and also financially support them to begin their own careers in order to move out from poverty step by step. Also, there was a national training on journalist and media conducted in Bolikhamxay province with more than 50 youth participating.

6.2.8 Science and Technology

146. The Government has reorganized and developed science-related works by allocating budget for scientific research amounting 1 percent of the total national annual budget to conduct the research on how science could support the social-economic development. Topics of the research include the basic of creating a model of drying stoves from solar power which is 35 percent completed, the creation of efficient stoves and biomass stoves which is 50 percent completed, the production of organic fertilizer from animal waste mixed with saltpeter and the extraction of Jatropha oil in producing organic fertilizer. Other than that, a number of legislations have been improved especially the Law on Intellectual Property, producing six approvals on the implementation of trademarks, copyrights, industrial patents, business cycle and rules of origins. The Cooperation Plan with Ministry of Science and Technology of Viet Nam has been developed in order to bringing in the advanced science from overseas in order to adapt to the current system in our country. The National Science and Technology Strategy 2013-2020 and visions to 2030 were developed and are currently being finalized. Moreover, the draft Law on Science and Technology has been completed and will be presented at the National Assembly for approval. Data collection on the production of bio-energy from waste was also completed, the electronic and hard-copied documentation work were also improved. In addition, the complaints on intellectual rights violations have also been solved.

6.2.9 Promoting People's Solidarity

147. The focus has been on provision of political training for government officials especially to disseminate the Party's directions, encouraging the process and spirit of the implementation closely linked to the solidarity, promotion policy and equality between multi-ethnic people, promoting common national spirit by all multi-ethnic groups to become solidarity forces for the protection and development of the country.

148. Campaigns and lectures have been provided to cultivate patriotism and enhance implementation spirit, maintain solidarity history to fight against changing deception of the opposition force, maintain and expand history of hard work of the Lao multi-ethnic people who have extended their support to officials who have gone to work at the grass-root level in their areas to lead

production, improvement of livelihoods, organization of society to fight against the peaceful changing war by the enemy and protection of security of village foundation.

149. Equality among multi-ethnic people has been promoted raising their unity and sense of national ownership and expanding the beautiful historic characteristics of the various ethnic groups. The elders and leaders at the grassroots level of various ethnic groups have received training and have been encouraged to promote unity among the fellow villagers and the ethnic group members to actively contribute to protection and development of the country.

150. The most outstanding achievements include all relevant sectors have focused on development and expansion of economy in all areas where multi-ethnic people live, providing necessary condition and opportunity to discover potentials from all national multi-ethnic people for more economic development in the remote areas with international cooperation; people living on upland can shift from slash and burn cultivation to other types of activities for living, having commercial production, permanent housing with production land and permanent jobs and thus achieving poverty reduction, maintaining stability, creating enabling condition for people to travel and communicate with each other more easily, providing opportunity for the people to participate and contribute in the development process in the forms of finance, labor and resources due to improved infrastructure and access to public services.

6.2.10 Preventing Social Drawbacks

151. Attention was given to mobilizing, improving coordination between authorities at all levels and concerned agencies in solving social drawbacks that happened within family and society through disseminating, encouraging mobilizing people to understand and strictly follow the laws aiming at building strong family, village and towns.

152. In order to prevent any negative implication on the development process, the government paid close attention on stopping the use and selling of illicit drugs, illegal trade, burglary and other types of crimes.

153. The project of friend-help-friend was implemented to prevent negative impacts on youths and to reduce school dropout rates, avoid using of illicit drugs, prevent accidents on the road and any actions that lead to violation of law, encourage involvement of the Women's Union and Youth Union at all levels, including ethnic women, all walks of life to unite and take ownership in tackle social drawbacks in family and society, especially the drawbacks in the area of gender to help ensuring that gender equality is gradually realized. Attention was given to solving social drawbacks and promoting good mental health for youth and adolescents through building basic infrastructure for facilitating youth development such as construction of Youth Centre, Adolescent Centre, and training centre for youth and adolescents that equipped with all needed facilities. Project of friend-help-friend continued to be implemented to reduce road accidents and violation of laws by turning the attention of youth to sports.

6.3 Sustainable Development, Environmental Protection and Natural Resource Management

154. Through the implementation over the first half of the 7thFive-Year Plan, the natural resource and environment sector has seen improvements in many rules, regulations and instructions such as: Law on Land, Law on Forest (submitted for National Assembly approval in June 2013), Law on Water and Water Resources, Law on Environment Protection and improvement of the Decree on Social-Environmental Impact Assessment and Decree on Compensation and Relocation of Population.

155. A number of decrees have also been drafted, including the draft Decree on upgrading provincial conservation forest to national conservation forests (Hi Phi and La Ving La Vern mountain), draft Decree on determining 13 natural resources conservation areas, draft Decree on

Pollution Control, and upgrading the Minister's approval notice on environment standards to Law on National Environment Standards. In addition, the Environment Plan for FY2011-2015 was endorsed in 2011 and the draft Strategy on Early Warning and regulations on natural disaster warning which is one of the priorities in the 7th Five-Year Plan. In conjunction with the above mentioned regulations, there are some outstanding works that have been implemented during the past period which are explained in detail as follows:

1) Water Resources, Meteorology and Hydrology

156. There has been an implementation of national integrated water resources protection which include the improvement of laboratory for testing water quality, development of national water strategy and policy, improvement of meteorology and hydrology database and completion of surveying and marking the area for piloting integrated water resources for training, research, excursion and raising environmental consciousness to people in VangVieng, Vientiane Province.

157. As well, river Basin Committee has been established for two basins which are the Nam Theun-Nam Kading and Nam-Ngeum basins. In addition, there has been a research and initiative to manage other priority basins mainly the XeBungfai-XeBunghieng basin and the Xekong basin. Other basins worth mentioning are the Nam Torn, Nam Xong, Nam Lik, Nam Por, Nam Chang-Nam Xoung, HouayChampi and Houay Nam Xay. In addition, the wet soil areas (soil on the river area) KiatGno and XeChamphone marsh have been managed and initiated the piloted survey instruction and registration of wet soil in four provinces: Champasack, Savannakhet, Khammuan and Vientiane Capital.

158. Check and improve the quality of measuring tool in meteorology and hydrology station nationwide, together with monitoring the weather, measuring and gathering weather information, daily measurement of water level and issue warning if the weather condition deteriorates and of flooding situation. Exchange in meteorology and hydrology with neighboring and those countries within the Asia-Pacific region every 3 hour and report on the hourly basis. Improvement of the weather condition centre has been taken into account with 80 percent completion of shifting from analogue to digital system. Importantly, the structure of national meteorology and hydrology has also been upgraded by successful constructed 18 meteorology stations and 8 hydrology stations.

2) Environment

159. There has been a study and research on environmental tax and the use of incomes from development projects into the sustainable management of natural resources and environment. The manual, posters and technological manual have been produced for technicians to fix the cooling system across the nation. In addition, the development plan to control the utilization of HCFCs has been finalized.

160. Successfully implementing the model trilateral cooperation plan in waste management in 6 pilot districts from 3 provinces: Vientiane Capital, Xayabouly and LuangPrabang. As well, there has been an intention in encouraging investment projects to conduct environmental impact assessment in line with rules and regulations with transparent process. Furthermore, 288 projects have completed the reviewed environmental and social impact assessment, of that 145 were the initial environmental evaluation and 143 were the EAM reports.

161. Last but not least, there has been a continuation in strengthening provincial capacity to review the IEE reports in order to delegate the issue of environmental certificate to endorse the IEE at provincial level. The focus is on 9 provinces namely, Vientiane Capital, LuangPrabang, Champasack, Vientiane, Oudomxay, Xiengkhouang, Bolikhamxay, Attapeu and Khammouan. The appointment of the environmental monitoring team within 25 towns that have medium and large development projects also have been finalized.

3) Natural Disaster Management and Climate Change

162. The National Strategy on Climate Change and the National Adaption Plan of Action have been structured and operationalized through the reorganization of regulations and tools to suit the actual situation of the Lao PDR.

163. The final draft of the results on greenhouse gasses has been completed for decision makers in the agricultural and forestry sectors;

164. The sector has prepared the Government to consider adopting the greenhouse gasses reduction project by avoiding deforestation and degradation of forestry at the local level by New Chip Seng Group (SN-REDD+Project) to pilot carbon trade.

165. The study on potential and challenges of the Global Climate Change Fund have been conducted to ensure the successful acquisition of funds.

4) Land Management

166. Classification of lands at village and group levels have been completed in 3,779 villages which is 43.2 percent of total 8,654 villages nationwide. Moreover, the classification of land at district level has also been completed in 55 districts which is 37.9 percent of total 148 villages nationwide. During 2011-2015, the sector has completed the registration of land as well as issuing 253,399 permanent land certificates (target is 1 million plots).

167. The project on the issuing of land certificate has been established since 1994-1995. Until now, the sector has successfully registered 871,317 lands and completed national land verification of 2,633,217 lands covering more than 4.5 million hectare. Of the total verification, 1,279,927 lands have documented electronically which covers 49.2 percent of total figure.

168. Completion of the land valuation and construction plans in 26 districts within nine provinces. Able to generate income of 675 billion Kip from services provided. Of the total amount, 466 billion is from land duties, 188 billion is from land registrations and 27 billion is from technical incomes. The income earned was given to financial sector and all compulsory duties were paid to National Treasury.

5) Forestry Management

169. Classification of protection forestry areas was completed in 139 places covering 8 million hectare, of that 49 places are national protection forestry areas covering 7.5 million hectare, five places are provincial protection forestry areas covering 141,633 hectare and 85 district level protection forestry areas covering 366,838 hectare. In addition, there are 176 conservation forestry areas covering 4.9 million hectare, of that 24 places are national conservation forestry areas covering 3.8 million hectare (including connecting areas), 59 places are provincial conservation forestry areas taking 626,499 hectare and 93 places are district level conservation forestry areas covering 420,678 hectare. As well, there are two connecting areas which are the area connecting the Na Khai-Nam Teun national conservation forestry to HinBoun Mountain and the area connecting Na Khai-Nam Teun national conservation forestry to Hin Nam Nor that cover 77,170 hectare.

170. Moreover, the classification of five national forestry and five provincial forestry has been completed and the most significant area was the Nam Ha national conservation forestry in LuangNamtha province which is the natural attraction site and has been named the ASEAN Heritage. Nam HinHor conservation forestry has also been proposed as the natural World Heritage.

6.4 Enterprise Development

6.4.1 State-Owned Enterprise

171. The draft strategic plan on improvement and development of the state-owned enterprises (SOE) in Lao PDR (from FY2012-2020) has been completed and presented at the Government meetings. The strategic plan for the improvement and development of companies and SOE under the supervision the Ministry of Industry and Commerce has also been accomplished. Fuel business association has also been established; the focus was on the inspection of fuel quality and prohibit illegal import of fuel. Information and statistical data was collected on the business operation of the SOEs, joint-venture state-private SOE and mixed SOE; financial and debt monitoring and fixed assets revaluation have been conducted as well as the inspection and solving debt problems. Business operation has been managed in terms of effectiveness and efficiency to improve operational activities to be in line with market mechanism in order to allow SOEs to operate more smoothly and efficiently. To date, there are 144 SOEs having total registered capital of 2,766 billion Kip and 18 mixed SOEs (where the State has joint-ventured with other parties) having the registered capital of 800.7 billion Kip which is only 1.1 percent of the total national registered capital. There are 88,845 enterprises nationwide with the total registered capital of 242,650 billion Kip (US\$30.2 billion).

172. Following up on the structural adjustment round 1 and 2, the result was that financial status of some SOEs has slightly improved, balancing between incomes-expenditures and moving towards generating profits. These SOEs include Laos Airline, Electricity Du Laos, Lao State Fuel, Pharmaceutical Factory No. 3 and Lao Aviation. However, there remains some SOEs that still lack in efficiency in their business operation such as, DAFI and Mountainous Areas Development (Phoudoi) Enterprise. There has been a continuation in strengthening the targeted enterprises to ensure high business efficiency in order to meet with the ISO standards. The targeted enterprises include: Electricity Du Laos, Pharmaceutical Factory No. 3, Lao Airline and Electricity Construction and Installation Company. In addition, the restructure of SOEs that run a loss with doubtful debt and the revaluation of fixed assets in Savannakhet province have been put in place. With this respect, the best performing provinces in this regards were Champasack, Vientiane Capital, Bolikhamxay and Phongsaly province.

6.4.2 Small and Medium Enterprises (SMEs)

173. The Small and Medium Enterprises sector has made significant achievements such as, upgrading the Decree 42/PM into Law on SMEs in 2011, successfully established 21 service provider network to provide consultation services, setting up four model enterprises in quality and quantity. In addition, the sector has focused on certain priorities in order to further develop the SMEs such as, building up the stronger regulation and protection rules, improving the registration and authorization process as well as creating and developing the consultation services amongst both government and private sectors in provincial level under the national business meeting. Adding on to the above, the enterprise registration process was improved to facilitate streamlined, easy and quick process but cheaper than before which was between 100,000 Kip to 200,000 Kip and now reducing to between 40,000 Kip to 90,000 Kip; the process is also faster in terms of the total number of days required for the registration which reduced from 60-90 days to 3-10 working days; as well, previously, it required 18 copies of documents but now only 4-6 are required and the permit issued is permanent (the renewal is not required).

174. Improvement of access to finance by SMEs: successfully setting up funding centre and signed the contract with the Lao Development Bank for the amount of Kip to be used as loans to SMEs; complete the management of fund regulation in 2012 and the Decree on promoting and developing SME fund in 2010; the regulation on revenue-expenses of the fund with compliance to the National Treasury have also been developed. Currently, the issue of loan is made through 3 commercial banks with the amount of 430 million Kip.

175. Establishment of new enterprises: coordinating with Ministry of Education and Sport and other concerned agencies to integrate the business operation manual into the educational curriculum. Up to date, the curriculum has been piloted in a number of general schools and will be integrated eventually into courses at vocational schools and universities.

176. Increasing support and enterprise development service: up to 2011-2012, the service provider network was launched to provide business development consultation, research and support for setting up the 'One District One Project' and enabling conditions for SMEs to supply the procurement service of the government.

177. Research and determine cooperation mechanism between large and small enterprises in the attempt to attract them in using products and services provided domestically by small enterprises. Plus, another research was conducted on inventing information database on business potentials from investment by large enterprises and public sector.

178. Promoting the increase in productivity to upgrade quality and standard of the SMEs goods and services: completed the implementation of project in constructing model factory in both quality and quantity to pursue the 5 SME criterion and produce quality production to the four model factories. Of these 4 factories, Indochina Cassava Flour Factory received the ASEAN Outstanding and Fast Growing SME Award. At present, the Ministry of Industry and Commerce and concerned sectors are in the process of building up the system as well as setting up agency for certifying SME quality and standard.

179. Promotion of access to markets and expansion of markets for SMEs: focus is on increasing productivity and services; providing information on policies, business opportunities and markets for SMEs and integrating technical expertise into promoting competitiveness within the sector such as wood manufacturer group and jewelry and accessories producer group. In addition, value added chain technique was applied in promoting agro-processing industry in three sectors such as: coffee, wood and mulberry paper.

6.5 Implementation of the Millennium Development Goals (MDGs)

180. All direct and indirect concerned stakeholders has made efforts in implementing the targets set in the 7th Five-Year NSEDP, including to achieving the 9 goals of MDGs which the Government has to report to the international communities in 2015.

181. The preparation of implementation framework on the MDG and the financial planning was completed in the year 2010, by determining certain particular points enabling the country to achieve the MDG. The said framework has defined 6 main areas namely: the accessibility to basic for MDG; the sustainable improvement of food security and sustainable environment; access to the basic education for all and gender; equal participation and empowerment of women; improving maternal and child health; providing clean water and improved hygiene in rural areas and small towns. Through two and a half years of implementation, it can be evaluated and summarized as follows:

6.5.1 MDG 1: Eradicate Extreme Poverty and Hunger

182. Based on the Lao Expenditure and Consumption Survey (LECS 5) by Lao Statistic Bureau, it can be seen that the poverty ratio has been reduced from 27.6 percent in FY2007-2008 (LECS 4) to 23.2 percent in FY2012-2013, compared to 2015 target of 24 percent, it can be inferred that this target will be achieved and even exceeded. Nevertheless, the poverty disparity ratio is still very wide.

Nutrition:

183. Nutrition is associated with several factors such as having sufficient food, access to food and consumption of hygienic food with all food groups. If children have good nutrition, it will result in

improvement in many areas such as: children's learning will be faster, they will be health and etc. Through the implementation of the target to reduce the ratio of underweight children under 5 years old has been progressing very slowly which requires time and increased efforts. In 2006, the ratio was 37 percent, the Multiple Social Indicator Survey (MICS) in 2011 found that the ratio was 27 percent compared with the target of 22 percent by 2015; the prevalence of stunting children under 5 years of age is also still lagging behind, in 2006 it was at 40 percent, 2011 was 38 percent while the target for 2015 is to reach 34 percent. On average, the reduction has been only 1 percent per year. There are high inequities in stunting and underweight levels between children from the poorest and the richest quintiles. Stunting is more pronounced in rural areas and amongst children from ethnic groups living in remote mountainous areas, which is caused by insufficient food consumption. Nevertheless, this issue is related to many factors not just insufficient food consumption. The process of becoming a stunted child begins in uterus and continues up to two years of age with incorrect feeding. Proper care and feeding practices afterbirth are very important in reducing child malnutrition which requires coordination with many sectors in order to design policy especially to improve women's nutrition to ensure proper care and feeding for children under 2 years of age.

184. Lao PDR has a number of opportunities to accelerate the progress in reducing malnutrition. First, the country's sustained economic growth provides fiscal space for increased allocations to social sectors. Second, the country's health reforms have already identified the priorities and thus facilitating rapid implementation. Third, it can be seen that private sector especially international assistance has provided significant assistance in nutrition area such as multiple micronutrient supplementations for infants which is highly promising.

185. Overall, the country's rapid economic growth has been beneficial for the majority of the population, especially decreasing poverty headcount ratio as well as the poverty gap. However, the growth has not benefited some of the poorer groups, especially those in geographically hardship areas, where poverty rate has increased. The economic growth has also increased inequalities.

186. Therefore, equitable and inclusive growth needs to be promoted by reallocating revenues from the natural resource sector to broader economic and social development especially to the areas with difficult infrastructure such as markets and other services. In conjunction, there is a need to ensure the implementation of turning big village into rural small urban centres, allocation of geographical area and permanent jobs for multi-ethnic people.

6.5.2 MDG 2: Achieve Universal Primary Education

187. Education is very important to the development of the country. It is considered to be a supporting task that enables the achievements of other MDGs especially poverty reduction target and reduction of maternal and child morbidity target. As shown in many studies, educated mothers can raise children correctly and contribute to generating family economy. Thus, provision of basic education is very important especially for the remote and disadvantaged areas. In order to reach the target, the Education sector has collaborated with development partners within and outside the country to develop manuals and expand education infrastructure to create and expand opportunities for school age children to have access to schools. As a result, the net enrolment rate of children at primary school level increased from 92.7 percent in FY2009-2010 to 96.6 percent in FY2012-2013 and it is expected to reach the target of 98 percent in FY2014-2015. Nevertheless, the quality of education is still low as some children enrolled in primary schools are over-aged while a small number is under-aged which may result in high repetition rate.

188. The survival rate of primary school students reached 68 percent in FY2011-2012, 73.3 percent in FY2012-2013, and 77.5 percent in FY2013-2014 which is very low comparing to neighboring countries and highly challenging for the 2015 target to be achieved (95 percent). Significant disparities in school attendance and survival rates exist between rural areas without road access and amongst the children from the poorest group and children of mothers with no education. It is very challenging to meet the target of literacy rate in the age group of 15-24 if without clear

program and projects because on average the literacy rate increases about 2 percent annually, reaching 94.8 percent in FY2012-2013 while the target for 2015 is 99 percent. Secondary school enrolment rate reached 62.9 percent in FY201-2011, 67 percent in FY2011-2012 and 69 percent in FY2012-2013. Thus it can be inferred that this target will be difficult to achieve as planned, as demonstrated in the table below:

Indicator	2010-11	2011-12	2012-13	Target 2014-15
Net enrolment rate in primary school	94.1%	95.2%	96.8%	98%
Proportion of pupils starting grade 1 who reach grade 5	68%	70%	71.4%	95%
Enrolment rate in secondary school	62.9%	64.7%	69%	75%
Literacy rate in the age group of 15-24	87%	92%	89.1%	99%

Source: Literacy rate in the age group of 15-24 in FY 2012-2013 is from LSIS

189. Human resource development at present cannot meet the demand by the society and labor market and therefore it is important and necessary to focus more attention especially on the repetition and drop-out rates, enrollment rate in lower and upper secondary school. Transition to secondary school is one of the important priorities for exiting from the LDC status.

6.5.3 MDG 3: Promote Gender Equality and Empower Women

190. Gender equality and women empowerment is generally the Government's target and in particular it is also the women's aspiration to be able to increasingly contribute to the development process and family economy. Women play an important role in family in managing resources. Gender equality and women empowerment is important factor in supporting the achievement of other MDGs. Therefore, sectoral planning must take into consideration gender issues, especially in education sector where the focus has been on expanding education service for girls by constructing girl dormitories and providing food at schools and etc. Nevertheless, there are still disparities in the school enrolment ratios of girls to boys and the disparity increases with the level of education, as show in the table below:

Indicator	2009-10	2010-11	2011-12	2012-13	Target 2014-15
Ratio of girls to boys enrolled in primary school	0.94	0.94	0.95	0.91	1
Ratio of girls to boys enrolled in lower secondary school	0.86	0.87	0.89	0.88	1
Ratio of girls to boys enrolled in upper secondary school	0.82	0.81	0.83	0.82	1
Ratio of girls to boys enrolled in higher education				0.87	1
Share of women in wage employment in the non-agriculture sectors			34%		
Proportion of seats held by women in the National Assembly				25%	

Source: Data on Ratio of girls to boys is from the LSIS

191. Literacy rate of women and men is generally related to poverty. Women literacy is lower than men especially in the rural area without road access, amongst the poorest group and ethnic groups living in very remote areas. The ratio of literate women to men in the younger population (age between 15-19 years) is better than the ratio of the age group between 20-24 years. This could be due to the higher girl school enrolment rate during the past years.

192. Share of women in wage employment in non-agriculture sectors increased from approximately 20 percent in 1990 to 34 percent in 2010 which is still low. This may be attributed to

the high proportion of women in unpaid family work. The male workforce is better educated than the female workforce and it can be observed that women are mostly in non-stable employment, self-employed or engaged in unpaid family work (65 percent) as compared to men (35 percent).

6.5.4 MDG 4: Reduce Child Mortality

193. Child mortality has been decreasing significantly compared to the past due to the implementation of several activities to assist the children namely pre-neonatal care and support during and after the delivery by skilled medical personnel. In addition, there are also a number of projects such as: neonatal care project, breast-feeding project and vitamin supplements for children, immunization project and etc. These contribute to reducing the child mortality rate namely infant mortality reduced from 75 in 2008 to 68 per 1,000 live births in 2011 comparing to the 2015 target of 49 per 1,000 live births, it is rather challenging to meet the target. Under-five mortality rate decreased from 89 in 2008 to 79 per 1,000 live births in 2011, which has already reached the 2015 target of 80 per 1,000 live births. Nevertheless, comparing to neighboring countries, Lao PDR still has high child mortality rate. To achieve the target of reducing infant mortality rate as planned, there is a need for reduction of infant mortality by more than 4 percent annually. Immunization against measles may not achieve the plan target also due to the current low coverage of only 55 percent against the target of 90 percent, as shown in the following table:

Indicator	2005	2008	2011	Target 2015
Reduce under-five mortality rate per 1000 live births	98	89	79	80
Reduce infant mortality rate per 1000 live births	70	75	68	49
Proportion of one-year old children immunized against measles	69		55	90

194. Comparison with 2006 MICS data suggests that the equality gap has widened or remained the same, while better-off and urban families recording improved livelihoods and faster progress. Therefore, to achieve further reductions in infant and child mortality, it calls for service provision to this segment of the population and appropriate investment in the health sector that will reach the poorest population living in the remote areas.

195. The biggest challenge in achieving the goal is to ensure provision of funding for maternal, neonatal and child health services in sustainable and predictable manner. Another challenge is capacity strengthening for health personnel and administration as well as improving supply and management system.

6.5.5 MDG 5: Improve Maternal Health

196. Based on the International Evaluation Report in 2013, it can be seen that Lao PDR already reached the target in 2013 as the maternal mortality rate was already 220 per 100,000 live birth compared to the figure reported by the national social survey in 2011 which was 357 per 100,000 live birth. In 2015, it is expected that the number will be at 260 lives. The birth rate attended by skilled birth attendant was at 42 percent which is still low comparing to the target of 50 percent in 2015. Contraceptive prevalence rate and antenatal care coverage progress very slowly, thus requiring funding supports to implement various activities such as: childcare and free maternal services project, reproductive health project, family planning project, immunization for women at reproductive age project, skilled birth attendant building project and etc.

Indicator	2005	2008	2011	2013	Target 2015
Reduce maternal mortality ration per 100,000 live births	405		357	220	260
Proportion of birth attended by skilled birth attendants (%)	23		42	58 (2014)	50
Contraceptive prevalence rate (%)	38.4			49	55

				(2014)	
Antenatal care coverage (%)	28.5			46 (2014)	69

197. Disparities in delivery assistance and other related indicators are pronounced between the different population groups. Urban areas show higher safe delivery rate that is twice the national average and over six times that in remote rural areas. For ethnic groups living in areas with road access has higher The safe delivery rate was three times higher amongst the ethnic groups living in accessible areas than that among the groups living in remote areas. The difference in safe delivery is eight times between the richest and poorest quintiles, and about six times between women who have completed secondary education and those with no education. The Caesarean section rate is still low at 4 percent of all births. This indicates that some women whose lives could have been saved by caesarean section were not able to have this intervention.

198. Despite the positive trend of maternal and reproductive health service indicators, the country's progress towards this goal is not on track due to the following issues:

- The relatively low rate of facility-based delivery; and
- The poor quality of health services. Therefore, interventions required are those that can achieve high population coverage, improve the quality of services and promote facility-based delivery. On the demand side, advocacy, mobilization and health education activities will need to target women and men from communities in the remote rural areas, often the same groups as those in the poorest quintiles and those with the lowest education.

6.5.6 MDG 6: Combat HIV/AIDS, Malaria and Other Diseases

HIV and AIDS

199. HIV/AIDS prevalence in general population remains low and thus the target is achievable. In 2012, the prevalence rate was 0.28 percent compared to the 2015 target of below 1 percent of total population; HIV prevalence among high risk group aged 15-24 reduced to 1.2 percent against the target of 5 percent, HIV prevalence among sex-workers aged 15-49 reduced to 2.4 percent compared to the target of below 5 percent.

200. Heterosexual contact fuels much of the epidemic in Lao PDR. The patterns of groups engaging in high-risk behavior influence the geographic spread of HIV. Such groups include men who migrate for work without families and returning migrant workers, especially females. The groups at highest risk are sex workers, especially those not working in entertainment establishments as clients think that they are safer when having sex with them.

201. ART coverage has increased but still needs to improve. The problem appears to be inadequate reporting, identification/ diagnostic, and increasing demand for medical treatment. To reach the national targets by 2015 on HIV and AIDS, a number of actions are recommended, amongst them, building on the momentum created by the health reforms, building partnerships with key affected populations, groups and networks, strategically addressing the needs related to mother to child transmission, securing access to treatment for all and increasing the domestic financial contribution.

Malaria

202. Death associated with malaria reduced from 7.1 in 2000 to 0.3 per 100,000 population in 2011 and is expected to achieve the 2015 target which is below 0.2/100,000 population.

203. The strategy on malaria control has been quite effective leading to the widespread use of bed nets amongst adults and children. The National Bed Net Survey found that 81 percent of children

under five years of age slept under insecticide-treated bed nets and that 98 percent of children slept under one kind of bed net or another.

204. Nevertheless, the malaria outbreaks in 2011 in five southern provinces have become an issue that needs special attention in order to ensure that it is not spread to other areas and pose threats to people's livelihoods. The outbreaks were associated with large-scale development projects that may transmit new kind of acute malaria and there was a possibility that it caused drug-resistance malaria amongst the local populations; and the expansion of certain livelihoods is increasing exposure to the newly virulent malaria.

Tuberculosis

205. Proportion of new tuberculosis cases detected under Directly Observed Treatment Short Courses (DOTS) was 72 percent exceeding the 2015 plan target of 70 percent by 2 percent. Proportion of tuberculosis cases cured under DOTS is 91 percent exceeding the 2015 target by 6 percent. Tuberculosis infection rate is at the level of 151/100,000 population in 2009. In light of the 2015 target of 240/100,000 population, it is possible to achieve the target on combating tuberculosis.

206. Although prevalence of tuberculosis cases and mortality rates of tuberculosis in Lao PDR show a steady decline, the results of the first survey on the Tuberculosis outbreak in 2010-2011 found that the outbreak was nearly two times higher than previously estimated. In addition, the survey also suggested that there are many TB cases remain undiagnosed and untreated.

6.5.7 MDG 7: Ensure Environmental Sustainability

207. This goal aims to ensure environmental sustainability which is closely linked to poverty and livelihoods of the people especially in the rural areas that relies heavily on nature for living such as: collection of non-timber forest products for living and as source of income for people and subsistence agriculture. Therefore, achieving the MDG 7 is very important is ensuring sustainable development. Through over two and a half years of implementation, it can be assessed as follows:

208. **Target No. 7A:** Integrate the principles of sustainable development into countries policies and work plans and reverse the loss of environmental resources. Proportion of forest cover target of 65 percent in 2015 could be achievable as planned due to the allocation of forests into three categories such as, 24 national forest conservation areas of 3.77 million hectare, 139 forest protection areas of 8.05 million hectare, forest production areas of 3.10 million hectare as well as provincial and district forest conservation areas. To date, the proportion of Lao PDR forest cover is 40.2 percent (from survey in 2010) if based on national definition, but if defined on ASEAN level (FAO) the percentage would be 67 percent (from survey in 2010). In addition, CO2 emission per capita per 1 dollar per GDP has been initiated by defining it in the first and second National Communication on Climate Change in 1997 and 2000 respectively. The next step is to consult with relevant agencies to study and define the target in detail. Protection of the Ozone Layer is one target that Lao PDR aims to achieve and to reduce the HCFC emissions to 10 percent in 2015.

209. **Target No. 7B:** Reduce Biodiversity Loss. This is a challenging target because of the proportion of species threatened with extinction has increased from 115 in 2010 to 167 in 2011.

210. **Target No. 7C:** Halve, by 2015, the proportion of people without access to sanitized water. The targeted proportion of people with access to sanitized water has been achieved at 84 percent in 2014, and is targeted at 80 percent in 2015. Moreover, the proportion of population using sanitation facility was 65 percent in 2014 and the target of 60 percent in 2015 has been achieved

6.5.8 MDG 8: Develop a global partnership for development

211. The implementation of this target has made significant progress as shown in the removal of trade barriers by developed countries for Lao PD. The indicator on tariffs for Lao exports especially

agriculture, clothes and textiles to developed countries have also been decreasing. Countries that have given the Most-Favored Nation (MFN) status to Lao PDR have reduced tariffs more than half of the 1990 level. In addition, countries that have given Preferential Trade Agreements to Lao PDR have reduced tariffs by more than half as well. Developed markets also admit 99 percent free of duty for agriculture products, clothes and garments from Lao PDR.

212. World Bank (WB) and International Monetary Fund (IMF) are of the view that Lao PDR still faces high risk of debt distress despite improved debt indicator coupled with stable and continuous economic growth. Lao PDR's external public and publicly guaranteed (PPG) debt stock had improved due to strong macroeconomic performance, strong Kip and enabling external environment.

6.5.9 MDG 9: Reduce the Impact of UXO in Lao PDR

213. From 1964 to 1973 was the period in which Lao people were impacted by bombs from the 2nd Indochina War. During these 9 years, there has been over 2.8 million tons of unexploded ordnance (UXO) out of the total 2.4 million tons of bombs dropped on Lao PDR, which on average is about 0.9 ton per one Lao person.

214. The 2010 National UXO Survey indicated some 48,375 casualties from 1964 to 2008, with the bulk of casualties between ages 15 and 35 years, 60 percent of the victims were killed and 40 percent were injured.

215. The target is increase land clearance from UXO contamination to 100,000 hectares by 2015. Up to date, 14,144 hectares has been cleared. In 2011, 4,050 hectares were cleared; in 2012, 10,094 hectares cleared and it is expected that additional 18,000 hectares will be cleared in 2013. Over 6,034 hectares have been cleared for agricultural production, in which 3,666 hectares are for agriculture, 2,368 hectares for various development projects. 186,984 UXOs have been destroyed, of which 288 were big bombs, 33,195 were cluster bombs, 191 were land mines and 153,313 were other types of UXOs. Overall, the clearance target will not be achievable by 2015.

216. The National Regulatory Authority (NRA) has identified 46 priority districts in nine Provinces as the most highly affected by UXO. The contaminated provinces are Huaphanh, Xiengkhouang, Luang Prabang, Savannakhet, Saravane, Sekong and Attapeu. The 2010 survey found that amongst the total 20,493 UXO casualties, only 583 survivors claimed to have received prosthesis and assistance.

6.6 Regional and Local Development

217. The population of Lao PDR is spread across three regions, which consist of 17 provinces, 143 districts and 8,622 villages. Many provinces are on mountainous areas and difficult to access. The population mainly live in rural (72 percent), of which around one 10th live in rural areas without road access. Amongst the regions of the country (north, center and south), the provinces in the Centre region are the most populated, with an estimated 49 percent of the population. The provinces in the Northern and the Southern region account for 32 percent and 19 percent of the population respectively.

218. The 7th Five-Year Plan has determined the economic growth rate for the Northern region of not less than 9.7 percent, central region of 11.5 percent and Southern region of 12.7 percent; with per capita income for the North of US\$1,700, for the central of US\$2,200 and for the South of US\$1,300. In addition, it also set the poverty reduction target for the North at 8%, for the central at 3.5% and for the South at 10 percent while transforming the economy in accordance with the industrialization and modernization direction.

219. Through actual implementation over the mid-term period since FY 2011-2012, there has been problem caused by natural disasters such as the Haima and the Nokten storms causing major damage

to economic and social infrastructures thereby limiting regional economic growth. Nevertheless, the Party and the Government have focused all efforts on rehabilitations which resulted in continuation of regional economic growth. Overall, regional development can be evaluated and assessed based on the changing economic structure that closely linked to the three main economic sectors such as: agriculture, industry and services and poverty situation.

6.6.1 Northern Region

1) Economic Growth

220. Through actual implementation over the mid-term period it can be seen that the GDP growth of the Northern region increased from 9.5 percent in FY 2010-2011 to 10 percent in 2011-2012 and expected to reach 10 percent in FY 2012-2013. On average, annual GDP growth rate for the North has been 9.7 percent, in which agriculture increased from 6.2 percent in FY 2010-2011 to 6.7% in 2011-2012 and expected to be 6.4 percent in 2012-2013; industry growth increased from 12 percent in FY 2010-2011 to 12.7 percent in 2011-2012 and is expected to be 13.4 percent in FY 2012-2013; service sector experienced reduction from 13.4 percent in FY 2010-2011 to 12.9 percent in FY 2011-2012 and is estimated to be 13.2 percent in FY 2012-2013. Average per capital income also increased from US\$860 in FY 2010-2011 to US\$957 in FY 2011-2012 and is estimated to be US\$1,043 in FY 2012-2013; the number of poor households reduced from the level of 28.6 percent in FY 2010-2011 to 22.4 percent in FY 2011-2012 and estimated to be 20.8 percent in FY 2012-2013.

221. The change in the economic structure in the Northern Region comprises of the followings: the agriculture-forestry sector although contributed significantly at 51.7 percent of regional GDP in FY 2010-2011 and 50.5 percent in FY 2011-2012, it is anticipated to decrease further to 49.4 percent in FY 2012-2013. The industrial sector structure share increased from 23.6 percent in FY 2010-2011 to 23.9 percent in FY 2011-2012 and is expected to increase to 24.5 percent in FY 2012-2013. The service sector increased from 24 percent of GDP to 25.6 percent of GDP in FY 2010-2011 to 25.6 percent in FY 2011-2012 and is estimated to be approximately 26.1 percent in FY 2012-2013. The Northern part has great potential but industrial development has not yet taken-off. At present, there are only some hydropower dams, small-scale mining and some handicraft and a few family-run food processing.

2) Project Implementation and the Outstanding Activities

222. The development has been focused on agriculture and rural development, urban development linked to construction of industrial, service and social foundation, aiming to reduce poverty and provincial and regional disparities. The commercial production is to be closely linked to permanent resettlement, providing stable employment to the people by organizing industrial production promotion group in order to gradually move to industrialization and modernization. The development focused on infrastructure such as: construction and repair of irrigation, roads, electricity network expansion, schools, hospitals and etc. such as:

- Construction and repair of the Nammao-Namnene irrigation systems and Nam Hin reservoir irrigation was completed. Construction of the Namseng, Namthair irrigation systems has been continued. At present, the construction of Namma-Oune and Nam Nha, Muangsing and Houay So irrigation System has started. Irrigation in Nong Sane area is being expanded.
- Construction of the Road No 2W (Muang Ngeun-Park Beng), Road No 2E (Muang Khua –Tai Chang), Road from Luang Namtha city to Luang Namtha airport No 1D (Xiengkhouang- Bolikhamxay strategic road for the national defense and security) is complete. The construction of three bypass roads in Viengkay District with three bridges has been initiated. The construction of the fourth Mekong Bridge Houayxai-Xiengkong and Mekong Bridge from Thadeua to Parkkhone has also been completed. The Mekong friendship bridge between Laos-Myanmar in Xiengkong

(Long district) – Xiang Lab (Tha Khilek province) and Mekong river bridge at Na Sack village-Kokkaodor, Sayabouly district have started. Also, the improvement and upgrading of Luang Prabang Airport has been accomplished as well. The construction of Muang Xay Sport Stadium has commenced.

- The construction of transmission lines of 115 kV linking between Xiangkhouang – Xam Nue stations and Luang Prabang – Oudomxay stations have been completed. The construction of 230 kV transmission lines linking Naxaithong-Hin Herb-Luang Prabang is continued. In addition, expansion of the Northern transmission lines to rural and focal development areas is being carried out through a number of projects such as: project on expanding medium voltage (MV) and low voltage (LV) electricity networks and installation of MV-LV transformers in the focal areas of Muang Chim village; project on expanding medium voltage (MV) and low voltage (LV) electricity networks in Muang Vienthong and Phathy areas in Samneua and area 3 of Liap Ma district; completion of electricity system linking Xayabouly-Hongsa-Nguen – Xianghon-Khob districts including starting construction of the Mekong Dam in Xayabouly District and Hong Sa Lignite power plant. At the same time the renovation and restoration of the basic infrastructure which were damaged by the flood in 2011 has also been completed.
- In conjunction with infrastructure and urban development, key agricultural products as well as outstanding development of the Northern region can be summarized as follows:
 - Promotion of food production especially rice production which is outstanding in Vientiane province where total production area of 66,768 hectares yield 269,960 tons of rice. In Sayabouly, the total production was 187,452 tons while in Xiang Khouang province having 58,904 ha which yield 203,688 tons.
 - Promotion of commercial plantation which is linked to industrial processing using technique and machinery in the production to increase production efficiency and value. The most outstanding achievements were increased corn plantations in Sayabouly province from 328,196 tons in 2010 to 337,938 tons in 2012, in Houaphanh province from 132,137 in 2010 tons to 234,737 tons in 2012 as well as in Oudomxay, Bokeo, and Xiangkhouang province in order to supply to the markets such as: Thailand, China and Viet Nam.
 - Promotion of cattle and livestock farming especially cows, buffaloes, pigs with the most outstanding achievements being in Xayabouly, Xiangkhouang, and Houaphanh. At the same time, domestic and foreign private sector has been encouraged to invest in industrial plantation especially rubber plantation, tea, sugarcane in Phongsaly, Luang Namtha, and Oudomxay. A number of border trade areas have been developed. These include: border trade between Laos-China in Luang Namtha province, Laos-Thailand in Bokeo and Sayabouly province; and Laos – Viet Nam in Houaphanh province. Variety of tourism activities have been developed in Luang Prabang province. Handicraft, weaving, silk rolling, bamboo weaving has all been promoted in the Northern provinces. In addition, there are also many other activities such as: cement production in Vientiane province, electricity exploration in Vientiane province, gold and minerals exploration for export in Long district, Luang Namtha and Xiangkhouang province.

223. Besides, attention has also been on active implementation to improve and enhance quality of education and health in order to achieve the MDG as well as improving tourism development in various forms namely:

- Promotion and development of eco and cultural tourism through: community tourism project, organization of festivals to attract tourists in the famous areas such as Luang Prabang, Vang Vieng, Muang Sing and Xiangkhouang, improvement of tourism

infrastructure and enhancement of tourism services. Tourism and border trade have been progressing well.

- Education has been continuously improved. Educational equipment and materials have been provided to the development Kum Ban and higher education institutions.
- Community health insurance funds have been established to create enabling conditions for access to medical treatment.

224. Even though the Northern economy has been continuously growing, there has been focal area and urban development to reduce the disparity. However, the Northern region is the region with many difficulties such as: mountainous location, limited infrastructure development limiting traffics of goods between rural to urban areas, and agricultural production relies mainly on rain. Consequently, the per capita income during the mid-term period is still relatively low compared to the target of US\$1,700 in 2015. Moreover, although the proportion of poor households has reduced, it is still at the higher level than the development rate especially in Houaphanh province, which is also the province with the highest proportion of poor households compared to other northern provinces while Sayabouly has the lowest proportion of poor households.

Table 8 - 7th Five-Year NSEDP Performance in the Northern Region

No.	Description	Unit	7 th Five-Year Plan Target (2011-15)	Actual FY 2010-11	Actual FY 2011-12	Actual FY 2012-13	Actual FY 2013-14	Estimation 2014-15
1	Population size	persons	2,680,000	2,622,925	2,644,715	2,674,146	2,638,665	2,679,499
2	Population Growth Rate	%	2.00	2.30	2.17	2.53	2.30	2.38
3	GDP at Annual Prices	Billion Kip		18,909.73	21,413.35	25,747.81	28,281.77	31,539.52
4	Average GDP per Capita	USD per Capita	1,700.00	859.85	957.17	1,148.18	1,273.11	1,402.82
5	Poverty Rate	%	8.00	28.60	22.35	19.32	13.73	9.59
6	Economic Growth Rate (GDP)	%		9.61	9.48	10.18	9.42	9.74
	Agriculture	%		6.16	6.72	6.11	7.10	6.45
	Industry	%		11.90	12.68	13.41	12.43	11.65
	Services	%		13.80	12.89	14.03	10.86	11.84
7	Economic Structure	%	100.00	99.94	99.94	100.00	100.00	100.00
	Agriculture	%	42.00	51.67	50.39	45.10	44.31	43.15
	Industry	%	34.00	23.64	23.94	27.09	26.31	27.14
	Services	%	24.00	24.63	25.61	27.81	29.38	29.71
8	6.6.1.1.1.1.1.1 Labour structure	%	100.00	100.00	100.00	100.00	100.00	100.00
	Agriculture	%		56.20	55.87	51.74	55.40	56.26
	Industry	%		22.09	21.68	21.75	19.79	21.02
	Services	%		21.71	22.45	26.51	24.81	22.71
9	No. of workforce	Persons		70,303.00	82,555.00	77,929.00	79,103.00	87,306.00
	Agriculture	Persons		55,700.	65,141.00	59,167.00	53,842.00	56,658.00
	Industry	Persons		5,017.00	6,279.00	7,460.00	9,193.00	11,554.00
	Services	Persons		9,587.00	11,136.00	11,303.00	16,067.00	19,094.00

Source: Planning and Investment Divisions of each province

6.6.2 Central Region

1) Economic Growth

225. Through the implementation of the national socio-economic development over the mid-term period it can be seen that the growth rate of the GDP of the central region is decreasing due to the impact from natural disasters from 12.7 percent in FY2010-2011 to 12.9 percent in 2011- 2012 and estimated to be at 11.7 percent in FY2012-2013, in which agriculture-forestry sector increased from 6.7 percent in FY201-2011 and 4.2 percent in FY2011-2012 and expected to reach 8.13 percent in FY2012-2013; industry sector increased in FY2010-2011 to 18 percent, then 13.9 percent in FY2011-2012 and is estimated to be 17.5 percent in FY2012-2013; service sector increased to 11.8 percent in FY2010-2011, 21 percent in FY2011-2012 and is estimated to be at 13.2 percent in FY2012-2013. Per capita income increased from US\$1,416 in FY2010-2011 to US\$1,685 in FY2011-2012 and is estimated to reach US\$1,886 in FY2012-2013; the poverty rate has also decreasing gradually from 10.1 percent in FY2010-2011 to 6.8 percent in FY2011-2012 and is expected to be at 5.1 percent in FY2012-2013.

226. The change in economic structure of the Central region has been following a similar direction to that of the northern region. The agriculture share reduced from 34.5 percent in FY2010-2011 to 32.5 percent in FY2011-2012 and is estimated to reduce further to 30.3 percent in FY2012-2013; industry sector increased from 35.6 percent in FY2010-2011 to 36.9 percent in FY2011-2012 and is estimated to be 38 percent in FY2012-2013, and services increased from 30 percent in FY2010-2011 to 30.6 percent in FY2011-2012 and is expected to be 31.7 percent in FY2012-2013. For the Central region, industry covers higher proportion. Nevertheless, the production in the central region has focused on the plain areas long Mekong River and for services sector the focus is trade including border trade, tourism and transport.

2) Project Implementation and the Outstanding Activities

227. The Central Region is the region which has potentials with regards to geographical location, production, and infrastructure, domestic and international communication. The plains have been utilized for commercial production for exports. The province with the highest rice and crop production is Savannakhet, Vientiane capital and Khammouane province. Cattle farming are in Khammouan, Savannakhet while pig breeding is conducted in Savannakhet and Bolikhamxay province. Net fishing farming is widely found in Vientiane Capital and Khammouane province. Electricity exploration is in Khammouane Province and minerals exploration for export is carried out in Savannakhet Province. Cement production is carried out in Khammouane and Savannakhet province. Two industrial parks have been established in Vientiane capital including: Industrial Park and Trade on KM 21 (VITA) with an area of 110 hectares and the Vientiane Industrial Park (VIP); two specific economic zones have been established including the Thakhek specific economic zone located near the third Friendship Bridge with an area of 1,035 hectares and Phoukhyo Specific Economic Zone in Thakhek District, Khammouane province with an area of 4,850 hectares.

228. The most prominent works are concentrated in Vientiane Capital as below:

- Completion of the Vientiane 450 years road (Dongdok-Dongphosy) 20.3 km in length
- Completion of the project of expansion of That Luang surrounding terrain.
- Completion of the construction of Chao Phothisalath Road.
- Completion of the river banks protection at Vangpho section 1, 2 and 3 Muang Park Ngum as well as river bank protection at Ban Marknao Nalong phase 2. Mekong River Banks Development and protection construction phase 1 have been completed. In addition, a number of river bank protection projects have been completed such as:

in Ban Nonsai (880m), ban Nongheo (77m), Ban Homtai (700m) and Khoileneman-Samphanna (2,640m).

- Completion of survey and design plans for the Nongping new city area as well as the area around 450 year road area and That Luang Lake.
- Preparation of basic infrastructure and various facilities to host the 9th Asia-Europe Summit, known as ASEM IX that Lao PDR had an honor to host and the meeting of municipalities of Francophone countries which was organized in Vientiane Capital has been completed successfully. These include the improvement of Wattay International Airport, the construction of the National Meeting Hall, and construction of 50 ASEM villas in the South Donechan has residence for the heads of state who attended the meeting.
- Completion of the river bank protection construction in Ban Donkhyo phase 2, Nong Bok District and construction of Thakek district municipality concrete road phase 2, the construction of the extended Theun Hin-Boun with production capacity of 280 MW.
- Hosted ASEAN University Game.

229. In addition, a number of constructions have been completed including the construction of the 3rd Mekong Bridge between Khammouan and Nakone Phnom and the construction of 115 kV electricity transmission line connecting between Pakson-Thakhek-Pakbor stations. The Xebangfai plateau area has been developed; roads no. 9 and 13 have been rehabilitated and maintained in order to be the centre of services, tourism along the East-West corridors and the road connecting between the Central and the South. Attention was paid on rehabilitating and recovering projects that were damaged by natural disaster in 2011 in conjunction with the promotion on production to ensure food security through production of rice, maize, bananas, cigarettes, etc. Achievements in production of these crops are evident in Vientiane Capital, Bolikhamxay, Khammouan, and Savannakhet. In addition, crops plantation has been promoted to supply to factories, especially production of sugar in Savannakhet which is the most outstanding sugar production, cassava in Vientiane Capital, Bolikhamxay, and Khammouan. Besides, organic vegetables, cash crops, industrial trees plantation, cattle, buffaloes, pigs (farming), chickens, goats, and natural fish farm have also been promoted.

230. In addition, promotional policy on commercial production by all economic sectors including the people have been implemented by closely linking agriculture commercial production to the promotion of domestic and foreign investment in processing industry. The development of services, tourism, education, health, skill labor training and cooperation with foreign countries has been progressing well. All the provinces have focused on better implementation. The central province with the lowest proportion of poor households in the central region is Vientiane capital. Savannakhet and Bolikhamxay are the provinces with the highest reduction in the proportion of the poor households compared to other provinces. In the central region, the proportion of the poor households is reduced to less than the national average.

Table 9 - 7th Five-Year Plan Performance of the Central

No.	Description	Unit	Target 7 th Five-Year NSEDP	Actual FY2010-11	Actual FY2011-12	Actual FY2012-13	Actual FY2013-14	Estimation FY 2014-15
1	Population size	persons	3,000,000	2,354,548	2,410,955	2,448,199	2,557,580	2,622,595
2	Population growth	%	2.00	2.09	2.43	2.18	1.92	2.38
3	GDP at Annual Prices	Billion Kip		29,694.32	35,973.43	43,826.13	49,862.32	57,253.37

4	Average GDP per Capita	USD per Capita	2,200.00	1,415.76	1,684.86	1,869.23	2,055.65	2,380.24
5	Poverty Rate	%		10.10	6.81	5.13	4.51	4.01
6	Economic Growth Rate (GDP)	%		12.69	12.19	11.98	11.69	11.83
	<i>Agriculture</i>	%		6.79	4.22	6.66	8.63	7.71
	<i>Industry</i>	%		18.00	13.90	15.28	15.97	16.29
	<i>Services</i>	%		11.08	20.96	23.49	12.63	13.35
7	Structure of the Economy	%	100.00	99.38	99.18	100.00	100.00	100.00
	<i>Agriculture</i>	%	23.00	34.86	31.65	29.12	28.12	26.91
	<i>Industry</i>	%	42.00	34.58	36.91	38.50	37.42	38.05
	<i>Services</i>	%	35.00	29.94	30.63	32.38	34.46	35.04
8	6.6.2.1.1.1.1.1.1 about structure	%		100.00	100.00	100.00	100.00	100.00
	<i>Agriculture</i>	%		55.83	55.33	56.25	55.63	61.82
	<i>Industry</i>	%		31.12	31.60	35.17	32.30	22.99
	<i>Services</i>	%		13.06	13.06	8.57	12.07	15.19
9	No. of workforce	Persons		162,525.00	165,576.00	165,493.00	169,064.00	174,073.00
	<i>Agriculture</i>	Persons		134,687.00	136,629.00	137,093.00	138,336.00	141,319.00
	<i>Industry</i>	Persons		17,109.00	17,871.00	17,765.00	19,211.00	18,543.00
	<i>Services</i>	Persons		10,729.00	11,076.00	10,634.00	11,517.00	14,212.00

Source: Planning and Investment Division of each province

6.6.3 Southern Region

1) Economic Growth

231. Through the mid-term implementation of the national socio-economic development plan it can be seen that GDP of the Southern Region increased from 11.9 percent in FY2010-2011 to 12.4 percent in FY2011-2012 and is estimated to increase further to 14.7 percent in FY2012-2013, in which agriculture-forestry sector increased from 7.1 percent in FY2010-2011 to 8.2 percent in FY2011-2012 and is expected to be 9 percent in FY2012-2013; industry sector increased to the level of 16.7 percent in FY2010-2011 and then decreased to 14.1 percent in FY2011-2012 and expected to increase to 17.4 percent in FY2012-2013; similarly service sector increased to 16.2 percent in FY2010-2011, then decreased to 13 percent in FY2011-2012 and is expected to increase to 17.2 percent in FY2012-2013. Per capita income has also be on an increasing trend from US\$852 in FY2010-2011 to US\$1,060 in FY2011-2012 and is estimated to be US\$1,201 in FY2012-2013; poverty household ratio decreased from 27 percent in FY2010-2011 to 19.2 percent in FY2011-2012 and is estimated to decrease further to 14.4 percent in FY2012-2013.

232. The Southern Region of the Lao PDR has strategic location in international economic triangle with significant potentials for growth. The structure of the Southern economy has been gradually shifting to industrialization but agriculture still remains the main sector covering more than 40.8 percent in FY2010-2011, 38 percent in FY 2011-2012 and expected to be at 33.3 percent in FY2012-2013.

2) Project Implementation and the Outstanding Activities

233. In conjunction with infrastructure development there are some projects that focused on production development in the Southern Region. These include:

- Construction and restoration of irrigation system, encouraging and promoting people to do irrigation rice farming and cash crop plantation such as cabbage, radish, and cardamom, as well as raising livestock such as cows, buffaloes, pigs, chicken and etc.
- Continuous development in accordance with the Master Plan on integration of economic triangle such as: completion of road construction project from Thateng District –Beng village (funding from triangle area development project), completion of Road No. 15A, continuation of road construction from Sekong – Dakchung (16B), from Sekong-Dakchung-Viet Nam border and the road from the ferry pier to new Kaleum district; completion of the upgrading and renovating Pakse airport. Construction and restoration of irrigations such as: upgrading Kengkongluang irrigation phase II, Xenoy irrigation construction phase I, and improving canals of Xepian irrigation.
- Continuation of construction of medium-low voltage electricity transmission lines to 6 villages along the Lao-Thai border, Soukhouma district (completed in 4 villages) and started to construct transmission lines to 26 villages along the Lao-Cambodian border in Moulapamok district, Champasack province; completion of the construction of Xekamarn 3 hydropower dam and continuation of Nam Kong and Xe Nam Noy hydropower dams construction.
- In collaboration with sectors, continuing to improve border trade services along the borders; development of tourism sites to attract tourists; continued attention on education and provision of educational equipment.

234. Through the implementation of these projects, the Southern provinces have developed their agricultural productions, industry as well as services which is shown as follows:

- Champasack province is the province with the lowest household poverty ratio in the Southern region and in the whole country, while Attapeu's household poverty ratio is lower than the national average of the household poverty ratio. The outstanding agriculture products include: coffee, beans, potatoes, cigarettes and vegetables with Champasack being the province with the highest production. Rubber plantation is in every Southern province. In addition, the development of important regional districts such as: Pakse district, Saysettha district, Lamarm district and Saravan district have been, facilitating improved communication and transportation of goods and passengers. Districts that play important roles in connecting between central with production areas and with consumer markets in the region such as: Samakixay, Thathom (Attapeu), Khongxedon (Saravan), Thateng (Xekong), Pakxong, Pathoumphone (Champasack) have been further developed and improved. Industrial food processing such as: coffee, tea and timber has expanded considerably; border markets have been developed in line with tourism development and promotion.

Table 10 - 7th NSEDP Implementation Performance in the Southern Region

No.	Details	Unit	Plan Targets (2011-15)	Actual 2010-11	Actual 2011-12	Actual 2012-13	Actual 2013-14	Estimated 2014-15
1	Population	Per	1,400,000	1,238,525	1,306,635	1,334,889	1,362,586	1,379,427
2	Population growth	%	2.00	1.98	2.12	2.25	2.21	2.28
3	Nominal GDP	Billion Kip		10,150.79	11,908.88	22,267.22	24,592.59	29,822.59
4	GDP per capita	USD/per	1,300.00	851.50	1,059.50	1,257.75	1,455.40	1,630.04
5	Poverty ratio	%		27.03	19.20	14.56	13.38	10.51

6	GDP growth rate	%		11.90	12.38	12.54	12.64	13.03
	Agriculture	%		7.08	8.18	8.75	6.70	7.68
	Industry	%		16.65	14.10	16.37	15.65	16.38
	Service	%		16.18	13.04	14.71	16.97	16.68
7	Economic structure	%	100.00	100.00	100.00	100.00	100.00	100.00
	Agriculture	%	30.00	40.81	37.97	37.70	38.16	32.96
	Industry	%	36.00	26.52	29.90	29.80	29.98	32.48
	Service	%	34.00	32.67	32.13	32.50	31.87	34.56
8	6.6.3.1.1.1.1.1 about structure	%		100.00	100.00	100.00	100.00	100.00
	Agriculture	%		55.94	51.24	71.80	43.56	40.57
	Industry	%		31.73	38.61	20.17	37.91	37.75
	Services	%		12.33	10.15	8.03	18.53	21.68
9	No. of workforce	Persons		138,486.00	142,049.00	143,396.00	146,715.00	155,181.00
	Agriculture	Persons		98,886.00	97,491.00	97,439.00	97,326.00	100,012.00
	Industry	Persons		10,974.00	14,379.00	14,401.00	16,070.00	20,210.00
	Services	Persons		28,626.00	30,178.00	31,556.00	33,319.00	34,959.00

Source: Provincial Planning and Investment Departments.

235. In summary, the regional economic growth is unequal. The central region has the highest growth compared to the north and the south given its natural resource and human resource potentials as being the center of population with better infrastructure. This difference is due to the fact that the Northern region faces difficult conditions such as: mountainous geographical location, limited infrastructure development, agriculture based on natural rainfall. Nevertheless, the northern region has potential energy, mining, and tourism as well as border trade.

Challenges

236. The variation in poverty across Laos PDR is due to many interconnecting factors, including geography, ethnicity, livelihoods, farming productivity, ownership of land and livestock, transport, infrastructure, access to markets and credit, migration patterns and urbanization. The legacy of devastation from the Viet Nam War has also contributed to poverty, with over 1,100 rural villages in Laos PDR – one in six rural villages – having agricultural land affected by unexploded ordinance (UXO). Ineffective enforcement of the law and regulations affects the poor, since it increases the price for public services, lowers its quality and often restricts poor people's access to essential services.

237. Geography, farming productivity and differences in livelihood options are closely linked to variation in poverty levels throughout the country. Over half the population lives in steep mountainous districts or upland areas that are difficult to access for service delivery and are remote from markets. Rural areas still lag behind urban areas largely because of having less livelihood options, although there are some deep pockets of urban poverty. Amongst rural areas, those suited to growing rice and other crops and easier of access are less poor than the more remote areas, which are cut off from infrastructure and markets, and therefore have persistently high rates of poverty. Thus the North, with its mountainous and rugged land, remains poorer than the other regions, despite its wealth of natural resources. In contrast, Vientiane Municipality and Champasack Province in the south, with good infrastructure and numerous livelihood opportunities have the lowest poverty rates.

6.7 Public Sector Development

6.7.1 Legislative Body

238. The National Assembly is the organization that supports and promotes strengthening of the government authorities. The National Assembly is also the highest authority elected by the Lao people. Over the past years, the National Assembly, its Committees and members have actively taken forward the successes of each ordinary session of the 7th legislature to apply to actual situation of the society by meeting with citizens, local authorities, military, police and ethnic groups in each electoral area in order to disseminate the success of the meeting, Party policy direction, state regulations as well as the National Socio-Economic Development Plan. Meetings with electorates have been taken placed in 2,908 electoral points throughout the country with the participation of 98,217 people, 39,044 were women which is equivalent to 24.55% of the Five-Year plan. In addition, people's comments and issues have been collected and reported to the Party-Government organizations and related sectors to improve and solve the problems in accordance with the Government's policy and laws.

239. The National Assembly has made efforts in improving and resolving grievances in a timely manner and in accordance with its status, rights, and duties. During the past two and a half years, the NA received 1,433 cases (excluding the outstanding ones since the 6th Legislature) of which 1,031 cases have been resolved. Among these cases, 1,073 were at the central level and 632 out of which were resolved. Most of the grievances are related to land and estate issues.

240. The 3rd ordinary sessions of the 7th Legislature of the National Assembly in June 2012 adopted the Law on Election of Members of the National Assembly, the amendment of 7 Laws including Law on Civilian, Law on Prevention of the Terrorism, Law on State Property, Law on Sports and Physical Activity, Law on State Audit, Law on Cross-Border Trade and the Law on Agriculture. Members of the National Assembly also endorsed the appointment of the Present for the State Audit Organization. During 17 days of the 3rd ordinary sessions, several comments from the public were received through the National Assembly hotlines. Most of the comments were related to particularly on public, social and economic sector management.

241. The 4th ordinary sessions of the 7th Legislature of the National Assembly in December 2012 considered and approved several construction projects and the relocation of new Kaleum municipality of Sekong province, adopted 10 laws including 4 new and 6 amended ones. These laws are important tools for public, social and economic management and administration in this new era.

242. Members of National Assembly have had periodic meetings with the people in their electoral areas to disseminate policy, the constitution, laws, resolutions, and orders from the Party and Government. In particular, the National Assembly members have encouraged and advocated for the implementation of the outcomes of the 9th Party Congress, Law on Election of Members of the National Assembly, the Five-Year Plan NSEDP VII and the public investment plan during FY 2010-2011, 2011-2012 and the first 6 months of FY 2012-2013 and etc.

243. National Assembly Standing Committee has endorsed a number of activities including the replacement election of members of the 12th Constituency in Khammouane Province, ratified treaties and agreements that Lao PDR is the party to in accordance with the request from the Government such as the ratification of an Agreement on Forestry Coordination between ASEAN Governments and the Republic of Korea, Agreement on the Emergency Reserves between ASEAN+3, Multilateral Agreement on the Establishment of the International Convention for Landlocked Developing Countries, the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, WTO accession, and others.

244. In addition, the National Assembly has also considered and resolved a number of issues such as retroactive exemption on some issues for the Lao International Commercial Bank Public Ltd (BCEL Public), railway project from the China – Lao border (Boten Luang Namtha- Vientiane

Capital) and Mekong hydropower project in Sayabouly province. The National Assembly also issued Lao nationality for 40 foreigners (19 female) and gave pardons to 517 prisoners, 82 of whom were female (2012) and 25 were foreigners.

6.7.2 Administrative Organizations

245. State administration has been improved in several aspects including improvement of organizational machinery and legal aspect to enable the development of state administration, social organization and population management in order to successfully operationalize the policy direction of the Party-Government. A number of legal instruments have been improved namely the improvement of public administration regulations, the management of civil population especially the birth, marriage, divorce and death registration; strategic development of the state administration, and gender promotion strategy. Apart from these, the Governance Strategy until 2020, the law on government, the law on local administration and the law on civil servants are being drafted. The most outstanding achievement is the review of the salary improvement and financial support for officials - civil servants. In addition, attention has also been on strengthening capacity of the civil servants through developing various training curriculum for newly recruited civil servants and for civil servants at each executive level. A number of authorizations and guidance note have been issued to facilitate the implementation at the local level especially the authorization on the organization and activities of village administration, authorization on population resettlement, Decree on the management and protection of religious activity.

246. Apart from the legislation improvement, a number of organizational machinery has also been improved such as: the Government's Office, Ministry of Home Affairs, Ministry of Science and Technology, Ministry of Post-Telecommunication and Communication, Ministry of Education and Sports, Ministry of Information, Culture and Tourism, Ministry of Natural Resources and Environment. Establishment of 102 associations across the country has been approved as well as 2 foundations namely the Boonxuei foundations and Mekong Wild Life and Forestry protection foundation.

247. Despite the above mentioned successes in the implementation of the public administration development plan, there are some outstanding issues such as: the dissemination and enforcement of legislation is still limited, some legislations still contain loopholes and are not tightened enough, for instance the recruitment of new civil servant is not yet in accordance with the regulations resulting in unsuitable filling for the post; the preparation of the civil servants development plan has not been systematic as it should be leading to inability to meet work requirement.

6.7.3 Judiciary

1) People's Court

248. The focus has been on political training for judges and officials of the People's Court to have the right legal attitude and be transparent, responsible and honest with the tasks. In addition advocacy, disseminations and trainings on various laws have been conducted such as: Civil Case Law, Law on Civil Procedure, case procedure for copyright and international trade in order to ensure compliance with the World Trade Organization (WTO) requirements and preparation for integration of the ASEAN Economic Community. In addition, the improvement of the content of the Law on Civil Procedure and draft on Juvenile case procedure has been completed. The People's Court has also reported to the National Assembly to consider establishing labor court committee and preparing for establishing administrative court committee.

249. The People's courts are to protect the legitimate rights, to ensure strictness, fairness and justice to protect the citizen and exercise the rights under law. During the past 2 and half years, there are totally 19,145 cases occurred, of which the court resolved and settled approximately 17,228 cases which equal to 90 percent of the total cases, the plan target is 85 percent. The most frequent is criminal case, consists of 9,147 cases, especially the cases concerning withhold and selling illicit

drugs; besides, there are civil cases, which covers about 31.4 percent of total cases, especially about land disputes, trade related cases covers 6 percent, mostly concerning loan agreement. Apart from this, it has been observed that families cases are the cases occurring in many societies and tend to increase, causing impacts to the family living, customs & traditions and culture. These sorts of cases constitute 12.8 percent, children's cases relating to theft of civilians assets have increased to 2.1 percent. Therefore the capacity building for administrative authorities and tribunal staff are very important to improve the cases proceeding and prevent social problems so that they gradually decline, by upgrading trainings for the local people's courts chancellors, upgrade the judges across the country to provide clear understanding of case proceedings' procedures.

250. Along with the above mentioned achievements, there are multi-dimensional challenges in particular some cases solutions have not been satisfied resulting in noises and complains from the society and in some cases, the verdict was already made but they were appealed for re-opening of the proceedings, these show that the judgment quality is not strong. The basic infrastructure have not met the requirement, only 17 areas have permanent offices but there remains 39 areas needing people's court offices.

2) Prosecutor

251. Progress has been made in accordance with four program and 19 projects in developing prosecution, particularly on capacity building on professional skills and political thinking. For instance trainings have been organized for Director, Deputy Director of the Public Prosecutor in 39 areas across the country, seminars to monitor, inspect criminal case, civil case were organized in three parts of the country which helped improving its administration to be stronger and smoother and more transparent. Moreover, research and development of 3 fundamental curriculum on public prosecutor work has been completed namely training curriculum for officials, covering 95 percent of total officials; curriculum on writing techniques in preparing declaration, recording sentence, monitoring law enactment; and curriculum on IT in recording statistics data with computerized system. There has been inspection of any violation of laws in place for detention, detention facilities, rehabilitation centers and rehabilitation camps. There have been more than 5,000 prisoners, of which 159 are foreigners and 1,973 have been released. Attention has been given on monitoring the implementation of the law in court proceedings at each level; 5,375 criminal cases were solved at beginning level on trial or 89.2 percent of the total cases; 227 civil cases were solved at the beginning level on trial or 90 percent of the total cases; 263 criminal cases were solved at appellate level equivalent to about 92.9 percent; 217 civil cases at appellate level which equal to 95.2 percent, 29 criminal and 215 civil cases were at the final stage which equal to 85.3 percent and 98.2 percent, respectively. This shows the quality of the settlement of cases has gradually improved reducing negative social noises.

252. Besides capacity building for staff, there has been improvement in infrastructure of prosecution organization at each level as well as provision of necessary equipment such as construction of zone 1 office in Xay district, Oudomxay; zone 2 office in Phaoudom district in Boneo; zone 1 office in Sikhottabong district in Vientiane Capital. Construction of other remaining office building is scheduled in the upcoming years.

6.8 Implementation of “Building province as strategy devising unit, district as a strong comprehensive unit and village as a development unit

253. In pursuing the Resolutions of IX Party Congress, particularly stability building for the people's democratic republic state, and promoting local ownerships. Therefore, the Party's Central Politburo issued the Resolution No: 03/PCP dated 15 Feb 2012 regarding “Building province as strategy devising unit, district as a strong comprehensive unit and village as a development unit” and the Government also issued the Prime Minister's Instruction No: 16/PM dated 15 June 2012 regarding identification of 15 ministries, 51 districts and 108 villages for piloting from 2012 to 2013. Through

three years of the implementation, various sectors at central and locality level together with population have put their attention on the practical side of the 3 Builds that are the contribution factors in the development of local infrastructure and the overall change which can be seen as follows:

- Target ministries and all provinces developed legislations with regards division of responsibility between central and local level; between provinces, districts and villages, especially on benefit sharing on revenue-expenses management at the local level and budget allocation at the district level. There has been a committee in charge of supervising piloting activities in each sector and locality acting as a focal point for coordinating, supporting and monitoring actual progress of target districts and villages, particularly the division of responsibility to each level that resulted in gradual increase in local ownerships;
- 15 target ministries have sent their officials for local visit both short and long term in order build stronger locality, especially in the areas of administration, justice, district and village level fund management, and to build social-economic development plan and manage government-invested project at village level.
- Encouraged patriotism competition and built development village to actively support the '3 Builds' works nationwide.
- Implemented 943 government-invested projects at the 3 Builds district and village with total investment funding 248 billion Kip to support and build conditions for various development.
- Policy Bank has supplied loan to people for the amount of 261.65 billion Kip to promote commercial productions.
- Party organization and those at village level as well as other working units within the experimented 3 Builds villages have been reorganized for the sake of all aspects strengthening in political thinking, leadership and management working styles, implementation of support policy towards unwaged staff and encourage greater sense of ownership and responsibility of staff at village level.
- Potential of localities have been explored and expanded especially the increase in goods productions; organization of production groups linking with professionals, bank credits and marketing also increased. Granting of ownership, responsibility and interest sharing to targeted districts and villages have been started especially, collection of income into national budget increased in every district and the targeted 3 Builds villages.
- Poverty reduction of population and the construction development villages have progressed, as shown in poverty evaluation and development results from Decree 309/PM in 2014 that there remained only 4 poor villages (Saiphuttana village-Sing district-Bokeo Province, Phienghong village-Nonghad district-Xiengkhouang province, Pajudon village-Taoy district-Salavan province and Xiengluang village-Dukkung district-Xekong province). There are 1,322 poor family, 82 development villages, 109 criminal-free villages and 98 traditional villages.

254. Nevertheless, the actual implementation has been slow and was not sufficiently effective due to the legislation on delegation of authority and responsibility of some central sectors are still too general, some localities did not take ownership at their local level and waiting for instruction from the central level; limited capacity of district staff in developing plan, financial management and development of district staff plan; the identification of the pilot districts and villages was not in accordance with the conditions of the Resolution and the Instruction from the higher authorities; and at the same time, the dissemination of the resolution and instruction at the local level was also delayed leading to weak practical implementation by local people.

6.9 National Defense – Security

6.9.1 National Defense

255. Staff have been re-assigned to local grass root level to build a strong political foundation coupled with rural development while also continuing to be comprehensive national defense forces at the local, Kum Ban and village level to strengthen professional capacity as well as be prepared to

fight against harmful deception by not well-intentioned people. The armed forces have been gradually improved and strengthened and are able to contribute to national defense and development. In order to modernize the defense forces and meet the demand, vehicles and defense equipment were provided with improved technology. Attention has been given to monitoring and control of border, marking boundaries, providing assistance to the arm force along the border. In addition, the sector also contributed to security during the important meetings and sport games including the 9th Asia-European Summit in 2012, 16th ASEAN University Games 2012 (U16 ASEAN Games), 7th Cambodia-Lao-Myanmar-Viet Nam Summit 2013 (7th CLMV Summit) and other important meetings.

6.9.2 Public Security

256. In order to ensure peacefulness and safety in the society as well as in the country as a whole, as to provide enabling environment for socio-economic development, the public security sector continued to implement various government's instructions and resolutions. The focus has been on resolving social drawbacks and actively fighting crimes. As a result, a number of gangsters who committed a crime were dismantled and punished in according to the law, which consequently led to less crimes in the big cities; Priority infrastructures have been improved such as public security headquarter camp system at district and provincial levels, mobile camping troupe, prison system, training buildings, schools, hospital, and etc. Seminars, lectures have been provided to villagers and youth to avoid wrong doing and raise awareness on self-protection; problems on illicit drugs are continued to be solved; security forces have been re-assigned to all Kum Ban throughout the country and to strengthen human resource in public security sector to ensure overall political stability; Staff are continued to be dispatched to local levels to develop villages as well as improve village security forces. Additionally, 5,000 villages were announced as case free villages and 5,200 villages as drug free. Proposal has been submitted to the government to approve the project which aims at establishment of electronic identification card (Smart Card). Besides, effort has been made to reduce accidents on the road, which resulted in a number of accident cases were quickly settled according to the law. Additionally, the sector also contributed to increased security during the important meetings and sport games including the 9th Asia-Europe Summit 2012, 16th ASEAN University Games 2012 (U16 ASEAN Games), 7th Cambodia-Lao-Myanmar-Viet Nam Summit 2013 (7th CLMV Summit) and other important meetings.

6.10 International and Regional Cooperation

6.10.1 Cooperation with Development Partners

257. Following the direction on foreign affairs, peace, independence, friendship and cooperation, the Government of Lao PDR widely open the development and economic cooperation with foreign countries enhancing effectiveness and efficiency of the cooperation with friendly countries and strategic partners to contribute to the socio-economic development in each period.

258. Overall, the cooperation with the development partners has made significant progress in all areas especially in the framework of bilateral cooperation which covers more than 60 percent of total cooperation. In addition, the Development Partners that provide assistance to Lao PDR within the bilateral framework have made commitment to increase their assistance comparing to the period of the 6th NSEDP implementation. Compared to the plan target, it can be seen that bilateral cooperation has basically achieved the plan target of fund mobilization and project implementation amounting to US\$887 million.

259. In the area of cooperation with financial institution, due to an improvement on debt management by Lao PDR, the cooperation has clearly moved to a new level especially the change in the form of assistance from providing technical assistance and grants within limited amount to concessional loans with larger amount than the past. The use of ODA from this cooperation is mainly for infrastructure construction, poverty reduction, and development of economic sectors to

become more effective and capable of making repayment. Concessional loans from the financial institutions covers 21 percent or US\$306 million out of the total ODA during the past two and a half years. In addition, the proportion of loans from the financial institutions covers about 25 percent or equivalent to US\$75 million but expected to increase further in FY 2013-2014 onward.

260. Although economic situation in the European countries as well as the European Union faces significant difficulty, the Development Partners from these regions including the European Union have played an increased role especially in the area of governance as well as poverty reduction and rural development, health, agriculture, trade, education and UXO clearance. Through the actual disbursements for the implementation of ODA funded projects during the past 2 and a half years, the European Union has provided assistance to Lao PDR amounting to US\$38 million, equivalent to 3 percent of the total ODA. In addition, the cooperation within multi-lateral framework in particular with the international organizations within the United Nations has expanded regularly. Here the most outstanding achievement has been the endorsement by Lao PDR of the United Nations Development Assistance Framework 2012-2015 (UNDAF) which sets out the resource mobilization target for project implementation which amounts approximately US\$326 million, although 66 percent of which still needs to be mobilized. Up to present, the implementation and utilization of ODA within the multi-lateral framework is about 9 percent of the total ODA or equivalent to about US\$135 million. The use of ODA from the United Nations agencies mostly aimed at strengthening governance, legislation, health, education, UXO clearance, agriculture and nutrition, environmental protection, trade and humanitarian assistance.

261. Cooperation in the Greater Mekong Sub-region (GMS) in particular the cooperation with the Mekong River Commission (MRC) has increased especially on research work and developing program to strengthen the protection of water resources and reservoirs. Programs/projects implemented within the MRC cooperation framework are mainly projects supported by bilateral especially Australia and Germany. Over the past two and a half years, 10 projects have been implemented and five projects have completed the implementation with total disbursements of approximately US\$11 million.

6.10.2 Cooperation within ASEAN Framework

262. The preparation for integrating into ASEAN Economic Community over the previous period has been on-going with appropriate implementing measures in order to ensure overall readiness by 2015. The measures implemented include reduction of tariff rate in each period as specified in the Common Effective Preferential Tariff (CEPT) scheme, with Lao PDR having a total of 9,558 tariff lines in compliance with the agreed ASEAN tariff code in 2007. In 2012, there are 9,110 tariff lines with tariff lower than 5 percent equivalent to about 95.3 percent of total tariff lines. For the new ASEAN members (CLMV), there is a prolong timeframe for tariff reduction up to 2018, currently preliminary tariff list has been established and in the process of requesting for approval from the government. Lao PDR also accomplished updating ASEAN tariff code from 2002 version to 2007 and to 2012 version.

263. For trade facilitation, Lao PDR has participated in the ASEAN Pilot project 2 with Indonesia and Philippines to allow business units to issue certificate of rule of origins by themselves which is expected to be completed by 2013. Another important task is the elimination of non-tariff barriers with detailed implementation plan being developed and it is expected to start the implementation in 2013-2015. At present there are still many cases related to the non-tariff barriers that remain unresolved especially the corn export from Laos and Cambodia to Thailand. In addition, Lao PDR has also participated in Free Trade Areas of ASEAN – China, ASEAN – Japan, ASEAN – Korea, ASEAN – India and ASEAN – Australia - New Zealand.

264. Moreover, Lao PDR also joined and initiated the implementation of the ASEAN Investment Area (AIA) in 1998. At present, ASEAN ratified ACIA which has been effective from 29/3/2012. This agreement is more comprehensive and inclusive than the previous ones as it is an open

agreement, transparent and environmentally friendly. Being the party to agreement has brought about significant benefits in attracting foreign investment into Lao PDR.

265. Additionally, Lao PDR has also participated in the negotiation on ASEAN Service Liberalization. The specification of service sectors is implemented in line with WTO sector classification, totally 11 main sectors and 160 subsectors. Under the ASEAN Framework Agreement on Services, 10 main sectors and 128 subsectors will be liberalized. In Lao PDR, 89 subsectors were liberalized out of the total 128 subsectors of 10 main sectors. Regarding the negotiation on the commitment no. 9 and 10 which is on-going, additional 24 subsectors for each commitment will be liberalized by 2015 (in addition to the 89 liberalized subsectors mentioned above) to meet the target of 128 subsectors for the creation of the ASEAN community.

6.10.3 Cooperation within the framework of the Greater Mekong Sub-region (GMS)

266. During the past 2.5 years of implementation of the 7th Five-Year National Socio-Economic Development Plan, there have been many outstanding achievements under the GMS cooperation framework such as:

- Developed the Action Plan for Flood and Drought Control and Management to establish the National Early Warning Centre under the ADB-GMS Program;
- Signed MOU (TA 7582) on capacity building in an area of HIV/AIDS for the target provinces along the border namely Phongsaly, Huaphanh, Bokeo, Luang Namtha, Oudomxay, Champasack, Saravane and Attapeu, with the Ministry of Health as a leading agency;
- Priority areas have been determined for economic and social sectors, health, service, eco-system, and ethnic cultural tourism to produce the report and guidance on the Social and Environmental Assessment (SEA) in the golden Quadrangle area in tourism sector;
- The 3 S areas have been identified (Sekong, Sexan and Seprok rivers) where SEA will be piloted in the area of forest conservation project which covers three countries such as Laos, Viet Nam and Cambodia;
- Activities have been implemented under the ASEAN Sub-committee of Meteorology and Geography Program (SCMG) such as installation of the early warning system on natural disaster and activities on disaster risk mitigation;
- Capacity on monitoring of sanitary and phyto-sanitary (SPS) in the GMS has been strengthened to facilitate trade, with the Ministry of Agriculture and Forestry being the lead agency;
- The project on flood and drought risk management and mitigation was on the review process in accordance with the proposal from the relevant sectors and will be jointly implemented by the Ministry of Agriculture and Forestry and the Ministry of Public Work and Transport;
- The GMS project on initiatives to reduce impact of climate change on women has been implemented. Completed the investment plan of regional cooperation in Mekong Sub-region (GMS) 2012-2022.

6.10.4 Cooperation Framework in Mekong Agreement on Sustainable Development in the Mekong River Basin

267. Achievements towards cooperation under Mekong Agreement on Sustainable Development in the Mekong River Basin 1995 can be summarized below:

- Preparation of the Draft National Action Plan on the Development in Mekong River Basin 2011-2015 has been completed through operationalizing the IWRM-based

Basin Development Strategy and using integrated natural resources management. This Action Plan will be the basis for the implementation by relevant sectors at the central and local levels in managing Mekong Basin;

- Translation of the IWRM-based Basin Development Strategy into detailed program on hydropower initiation plan;
- Coordination with concerned sectors in preparing for decentralization of the International Mekong River Commission to relevant ministries and sectors.
- Preparation of implementing cross-border activity in collaboration with Thailand and Cambodia through the project on Mekong Integrated Water Resource Management (Mekong IWRN Project);
- The study on hydrology in Xebangfai has been completed which was carried out under the Information Management program pursuant to the Huahin Declaration, with a few focused activities as follows:
 - Translation of the Mekong River Development Strategy 2011-2015 into the National Mekong Action Plan;
 - Attention focused on improving the weather forecast and flood early warning system in the Mekong River basin;
 - Continuous review of the implementation of the approved regulations, in particular the regulation on information exchange and notification to inform each other, consultation and agreement issuance; the regulations on monitoring of the water usage, regulation on control of water flow in the Mekong River and regulation on water quality management;
 - Opportunity for cooperation has been identified and developed with negotiation partners, development partners and other stakeholders in managing water resources and climate change;
 - Regional and national programs have been implemented including programs on river basin development, the environment, climate change, information and knowledge management, sustainable hydropower, fishery management, agriculture and irrigation, river transport, integrated capacity-building, and flood control and impact reduction.

6.10.5 Accession to WTO Membership

- To prepare for accession to the WTO during the past 2 and half years, there have been 10 Working Party Meetings and Lao PDR has responded to over 1,300 questions raised by the WTO member countries. In addition, bilateral negotiations have been concluded with 9 WTO members including Australia, Canada, China, the European Union, Japan, Republic of Korea, Taiwan, Ukraine and the United States.
- Lao PDR achieved membership of the WTO on 2nd February 2013 after 15 years of preparation and trade negotiations. This achievement reflects the outstanding results and direction of the Party and the Government in general, and of the Ministry of Industry and Commerce in particular.
- WTO membership integrates the Lao PDR into the international economy and provides opportunities for the use of basic resources (land, water and natural resources) into production. Challenges include: trade competition, business development, technology and etc. thus calling for internal improvement by all sectors to deal with future challenges.

6.11 Summary of sector achievements and challenges

268. Set out below is a summary of achievements and challenges which have been taken into account in formulating the 8th NSEDP 2016-2020.

6.11.1 Summary of achievements

- 1) Lao PDR is politically stable, with a secure, peaceful and orderly society. The economy has been growing steadily maintaining GDP growth of at least 8 percent annually. This has facilitated socio-economic development, especially business operations, production, services and investment. Debt issues have been dealt with and have been reduced to manageable level.
- 2) Progress has been made in the implementation of the MDGs in many areas including the resettlement and allocation of stable jobs for the people, and improved infrastructure and social service networks which resulted in a reduced poverty rate of 23.2 percent in FY2012-2013 (based on the result of the Lao Economic Consumption Survey LECS 5).
- 3) The electricity network has been expanded throughout the country and exceeded the 80 percent target of the Five-Year Plan. In particular, it has been extended to rural remote areas, giving 84 percent of all families' access to electricity as of March 2013.
- 4) Incomes from selling industrial cash crops by mountainous populations, especially sugarcane, corn, tapioca, rubber etc. have significantly contributed to improving livelihoods and ensuring food security.
- 5) The business environment has improved allowing entrepreneurs to establish businesses and request tax and business registration at the same time. Business tax rates have reduced, as have the time it takes for imports and exports to pass through customs as a result of the application of the tax and customs system (ASYCUDA) at the Friendship Bridge and Thanaleng border.
- 6) Vocational training has received greater attention and been developed by both state and private sectors. It could supply quality labor to the labor market to some extent, reduce unemployment rates and achieve labor balance in various sectors.
- 7) Women have played a very important role and have increasingly contributed to economic development. The economic growth rate is closely linked to the ratio of female laborers who account for half of the total labor force. In addition, the wage and skills of laborers are the main factor in attracting domestic and foreign direct investment.
- 8) Lao PDR has made satisfactory achievement in international and regional cooperation. The most outstanding achievement has been the accession to WTO membership at the beginning of 2013. In addition, Lao PDR had the honor of hosting the meeting on the Almaty Program of Action for the Landlocked Countries, the 9th Asia-Europe Summit and the 7th Asia-European Parliamentary meeting in October and November 2012, the 6th Cambodian-Lao-Myanmar-Viet Nam Summit (CLMV) and the 4th Aryavady - Chaophaya-Mekong Economic Cooperation Summit in March 2013.

Reasons for success

269. Reasons the implementation of the 7th Five-Year NSEDP have been so successful to date include:

- The political direction defined in each Party resolution, especially the IX Party Congress Resolution, is correct and the leadership of the Central Party is in accordance with domestic and international environments.

- The National Assembly and the Government considered and adopted the National Socio-Economic Plan in accordance with rules and regulations. Sectors and sub-national governments have translated it into programs and projects with available funding for implementation.

- The Government has focused funding on various programs and projects especially rural development and poverty reduction, development of communication networks, expansion of electricity to rural areas, promotion of commercial production to generate employment, education and health development and overall expansion by focusing on education reform, human resource development, and promotion of living standards that create opportunities for education, improved health and sanitation, and skilled labor training (especially by allocating 17 percent of funding to education sector and 9 percent to health sector).

- The people and businesses in every stratum of the society have contributed to support and participated in the implementation of programs and projects.

- International partners have continuously provided support.

270. All the above reasons contributed to the successful implementation of the 7th Five-Year NSEDP during the mid-term period and provide a very strong basis for the progress towards the MDGs achievements by 2015 and Lao PDR's graduation from LDC status by 2020.

6.11.2 Outstanding issues

271. As there are achievements, there remain shortcomings and outstanding issues including:

- 1) Political sensitization, although carried out continuously and at several levels, still does not seem to have led to in-depth awareness and understanding of the changing direction of the Party. The translation of various resolutions into programs and implementation of detailed and focused projects is still very slow. Resource mobilization from all sources at the central and local level has not been that successful and the majority are still waiting for investment from the Government budget. Government counterpart funds, and grant-loans from relevant domestic and international parties are not yet harmonized.
- 2) Although the economy has steadily grown, the macro-economic situation is still vulnerable, with limited domestic savings. Many targets set out in the Five-Year Plan, as well as the MDGs, may not be achievable. Implementation of the policy on rural development and non-resource sector development is not yet adequately defined and implemented. The result is increased disparities between rural and urban areas, between and within regions. People in rural areas are still without stable jobs, have low incomes and consequently migrate to cities or abroad to look for jobs. These challenges require coordination between relevant sectors in order to achieve equitable development.
- 3) Acceleration of economic growth relies mainly on natural resources. However, management and use of natural resources in many cases is still carried out in an unsustainable, wasteful and not in an environmentally friendly manner. This has resulted in harmful impacts on the local people and has impacted greatly on the environment of the country. Therefore, consideration must be given to future development. If the issue is not tackled urgently and timely, it may lead to the Dutch Disease¹² in the Lao economy.

¹²The movement of natural resources happens when the fast-growing sector uses production factors jointly with other economic sectors. The booming sector attracts capital and labour resulting in increased cost of production factor. High cost of production capital in turn forces the non-resource sectors and non-tradable sectors to fall as

- 4) Investment from the Government budget still cannot meet development needs. Moreover investment sometimes lacks focus and is not yet effective. The use of overseas grants-loans in many projects and coordination between sectors and sectors, and sectors and provinces, are not yet effective thus resulting in many projects not reaching the people. In practice, it has been difficult to implement the composition of public investment in accordance with the ratio 30-35-35 percent as the Five-Year Plan has determined. Planning and fiscal discipline has not yet been strictly implemented, thus resulting in doubtful debt which is increasingly serious. Therefore, without proper solutions, the country risks running into a financial crisis like those experienced by other countries which is difficult to tackle completely. It poses a risk for macro-economic stability and socio-economic development in the future.
- 5) Monitoring and evaluation of domestic and foreign private investment projects have not been done regularly and widely. The focus has been mostly on appraisal for project approval and therefore resulted in many projects being reserved rather than implemented within the timeframe, resulting in significant losses by the Government. The provision of an investment one-stop-service to attract domestic and foreign investment in some sectors has not been done well. Some legislation is not practical and does not promote domestic and foreign investments, such as the tax and VAT laws. In addition, legislation necessary to provide special incentives to investment promotion in the revolutionary base areas or difficult areas as well as in the SEZs is still lacking.
- 6) Although private sector and enterprise development has improved and promoted (especially non-resources sectors), competitiveness is not yet high. Investment environment in the Lao PDR still cannot respond to all investment demand as evidenced in the lack of legislation supporting and projecting investors and access to credits. Given this situation, Lao PDR has been ranked 163 out of 185 countries worldwide. This problem has further affected economic growth and put pressure on Lao PDR being the member of WTO and its integration into the ASEAN Economic Community in 2015.
- 7) Despite wide dissemination of trade integration policy entrepreneurs still have a limited understanding of integration and suitable response mechanisms for the increased openness of the economy.
- 8) Human resource development has been promoted by both the private and public sector but quality is still low. The labor force still lacks some necessary skills. Moreover, human resource development is not linked to socio-economic development demands, especially for SMEs, under the conditions of the ASEAN Economic Integration and accession to WTO membership. Until now, the country cannot supply skilled and disciplined labor in accordance with the needs of investors but at the same time Lao labors migrate legally and illegally to other countries.
- 9) Social-cultural areas have also seen many achievements. However, social drawbacks have been increasing. Family disputes, especially divorces, have increased causing disintegration of the traditional family cells. If this issue is not tackled appropriately, it could lead to unexpected problems in society, with culture gradually deteriorating and the Lao language slowly changing. The largest concern is the spread of delinquent lifestyles, including drug addiction, criminality and other social problems.
- 10) The market economy mechanism has not yet functioned well because the state governed by law is not yet very forceful and effective. This has created loopholes for increased corruption in various forms and levels which have in turn impacted on the people's trust and faith in the regime.

prices of products are defined by the world market. The movement of natural resources from tradable sectors will result in further contraction of these sectors.

- 11) There have been many complaints about the land use problem which have had a negative effect for both the people and the Government. There is also much dissatisfaction with the operation of the Legislative and Judiciary organization, as there have been many cases of injustice in accordance with the law.
- 12) Work in technology and information has expanded widely, but Lao PDR still lacks proper management measures, which caused adverse interference from external parties. If Lao PDR does not setting up appropriate measures, it will leave space for opportunists to use information and technology against the country as has happened in many countries already.
- 13) Slow progress has been made in improving management and governance regulations. Macro management under the Central Party Committee's Resolution no. 03/CPC is still an outstanding issue. Coordination between ministries and central and local level agencies is still weak, not harmonized and unsupportive. At present, the government body is gradually expanding but the quality and effectiveness is still low. Social drawbacks have also been increasing.
- 14) There are many pending issues in the area of social welfare. There is no practical measure to overcome pension problems nor are there measures to mobilize contributions across society in the process of "gratefulness" to officials, army, police who have made significant contribution to the revolution. Moreover, there are complaints by the people on the health care service for the elders, homeless and underprivileged.
- 15) Commercial production is one part to improving people's livelihoods. However, people in rural areas still rely on natural resources by collecting non-timber forest products and selling labor. The collection of non-timber forest product is not sustainable solution.
- 16) Agricultural production is dispersed and not linked to the processing industries and markets. Despite the enthusiasm of local people towards commercial production, policies and measures to promote this type of production are still unclear. Technical officers capable and skillful are still lacking at the grassroots level and there is no leader to lead practical work. Lao PDR has still not clearly identified potential niche products. The majority of the labor force is in the agriculture sector but labor productivity is still low because machinery is not used in agricultural production and does not link services. As a result industrialization and modernization has been slow.
- 17) Agriculture services are still limited and there is a lack of veterinary and phyto-sanitation services. These will impact agriculture growth and development. In becoming a member of the WTO, phyto-sanitation has become very important and the Government should pay attention to focus investment on agriculture services.
- 18) MDGs: Although there has been progress on many fronts, some targets need special focus in order to be achieved as planned ,especially malnutrition, primary school graduation, lower secondary school enrolment rates, proportion of girls to boy in all levels of education, and maternal, infant and under-five mortality rates (refer to Annex for more details).

Reasons for shortcomings and outstanding issues

- 1) The responsibility and ownership in implementation by some central and local sectors is not fully undertaken and does not expand rightful ownership and responsibility of all parts of the society. Coordination between sectors and sector and locals, is not yet smooth and in many areas is just nominal.
- 2) There is a significant demand for sector and local grass root development but t funding is still limited resulting in ideas and actions that are illegal and not in line with regulations in order to achieve own targets.

- 3) The Government's management of socio-economic development is not effective. Disciplinary measures, especially planning-budgeting discipline, are not clearly changing for the better.
- 4) External environment factors especially global economic development, fluctuation of world fuel prices (which are difficult to estimate) and natural disasters are a barrier to socio-economic development in Lao PDR.
- 5) Development role models at local levels are still limited and not yet sufficient. Agriculture production in some local areas still faces problem of markets not being able to absorb the products and thus does not stimulate families and the people to produce for commercial purpose.

6.11.3 7th NSEDP Lessons Learned to be applied to 8th NSEDP Design

- 1) Political stability, social order and solidarity of ethnic people in the country are fundamental for steady and firm socio-economic development.
- 2) Lessons learned from translating the policy and resolutions of the Party and Government into a socio-economic development plan, programs and projects:
 - Sectors and provinces that translate socio-economic development policies, resolution and orders of the party and government thoroughly, regularly and widely to their staff and people to ensure common understanding, will lead to better performance.
 - Harmony between national socio-economic development plans and sector and provincial development plans is key to achieving development goals taking into account the nature, characteristics and potential of each sector and province. If the implementation of the development projects by the sector and local government is not consistent and harmonized with the goals and directions of the NSEDP and with no focuses, performance targets will not be achieved. Therefore, identification and consideration of development projects must be consistent with the goals and direction of the NSEDP.
- 3) Lessons learned from macroeconomic management:
 - Maintaining stable macroeconomic (such as inflation below economic growth, manageable exchange rates, strong revenue base and effective expenditure, trade balance, employment generation etc.) is an essential factor for socio-economic development and improving livelihoods.
 - Socio-economic development base on market economy mechanism that managed and regulated by the government with comprehensive system is a key for the development of socialist orientation.
- 4) Lessons from sustainable development:
 - Economic growth has mostly been based on the natural resource sector which is unsustainable. Economic development in the future should give more priority to non-resource sectors, particularly development of small and medium-sized enterprises both in terms of quantity and quality. As such this will become a firm basis for economic stability and employment generation by creating an environment for businesses to grow, access funds and increase development in the agriculture sector to meet demands from industry production. Improvement and development of infrastructure in rural areas are essential for improving livelihoods and creating equal access to public and private services on gender equal basis.
- 5) Lessons learned from public investment and promotion on private domestic and foreign direct investments:

Public investment:

- Investment from public budget: given limited budget, the investment focused on building the basic infrastructure that is necessary for the development and focused on areas that benefit the country and its citizens, in which the private investor did not invest in. These investments are essential to demonstrate ownership in improving necessary basic infrastructure or crucially raise the Government's role in developing the country. The stronger from the nation, the more attraction on funds from the outside.

- Grants and loans (ODA): ODA is an essential contribution to the development process in Lao PDR. However, fund mobilization and use with ownership, high responsibility, transparency and high effectiveness are important factors in developing countries under the conditions of regional and international integration.

Promotion of private domestic and foreign direct investment:

- Actively improve the environment for fund mobilization from the private sector, preparing legislation (record, contract ...) carefully and comprehensively, and regularly monitoring and learning lessons from the plan implementation are crucial.

- Private investment covers more than 50 percent of the total investment, themobilizing and selecting quality investment in developing the country is essential element.

6) Lessons learned from rural development and eradicating poverty among multi-ethnic people:

- Building a political foundation from the grass roots level and rural development shall follow comprehensively the four concepts and four targets, in a continuous and prioritized manner by boosting the economy domestically and internationally. Local potentials and uniqueness should be used to develop rural areas and address poverty; sectors, provinces and all social classes shall jointly raise accountability and emphasis the importance of politics and rural development to national development and eradicating poverty.

- Organizations are responsible for creating mechanisms and systems for coordination between sectors, and central and local government to ensure harmony of implementation and actively performance their duties in a uniform and comprehensive system. This is to ensure that rural development and poverty eradication are achieved.

- Attention should be paid to strengthening the capacity of government officials to work at a grass roots level and support people doing the actual work. Additionally, efforts should be made to apply government policies as appropriate.

- Rural development and poverty alleviation need to be closely linked to the 3 build activities and continue to be carried out with high results.

7) Lessons learned from commercial production:

- Studies related to processing and marketing of modern technique is a key factor to boosting production.

- The production chain and economic relations among the provinces is needed in expanding manufacturing production under conditions of regional and international integration.

8) Lessons learned from the rule of law:

- Improving and developing legislation to comply with the current conditions to protect the rights and interests of the country is necessary; disseminating laws and regulations to society is necessary for their uniform implementation.

- Improve organizational structures to be more simplified and suitable with actual conditions is essential.

- Determine the roles and responsibilities of each level of organization clearly and disseminate them with guidelines to stakeholders for uniform understanding is an important factor of practical implementation with high results.
- 9) Lessons learned in regional and international economic cooperation and integration:
- It is crucial to actively and responsibly cooperate with friendly regional and international countries on the basis of mutual benefit.
 - Under the ASEAN Economic Community and WTO, it is essential to increase the competitiveness of the local firms in joining AEC, continue developing infrastructure to facilitate business growth and development of human resources. Entrepreneurs have access to economic, social and culture opportunities to conduct business. Maximize the results of the growth and efficient production resulting from labor migration between rural to urban and between countries, build capacity for human resources by provision of training for the people to learn new opportunities in the changing economy.
- 10) Lessons learned from breakthroughs on sectors and provinces, inter-sector, inter-provincial and vertical line sector coordination:
- Consistent, harmonized and systematic coordination among central, sectors and localities and provinces, line sectors are necessary to achieve the national goal.
- 11) Improved monitoring, evaluation and reporting of the implementation of the socio-economic development plan is essential.

PART II

8th NSED P (2016-2020)

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PART II: 8th NSEDP (2016-2020)

7 Context of the 8th NSEDP

7.1 Regional, international and domestic context

7.1.1 Regional and international context

272. Global economic integration and cooperation have been strengthened, in the context of a highly competitive global economy. Many countries have become members of international organizations such as the World Trade Organization (WTO), the ASEAN Economic Community (AEC) and so on, increasing trade, investment and service. Development partners and international organizations will continue to provide aid to underdeveloped countries. Research, technology and science have also helped increase productivity and service efficiency. Public and private sector investment in developing countries has significantly increased economic growth in the medium-term. The global economy is anticipated to grow at a rate of 3.1 percent between 2014-2019, with China seeing the highest growth (5.9 percent), followed by India and other ASEAN nations at 4.8 percent.

7.1.2 Domestic context

273. Lao PDR is politically and socially stable. The people are unified and supportive, and market-oriented economic reforms have brought social development and growth.

274. The country also has natural resources including land, mineral ores, water and forests which could be exploited for socio-economic development, such as hydropower development, agro-irrigation systems, construction, clean and organic toxic-free agricultural products, mineral processing and development of tourism sites. The country is also advantageously geographically situated for transportation of commercial goods compared to other Greater Mekong Sub region (GMS) countries such as China, Kampuchea, Myanmar, Thailand and Viet Nam. Furthermore, new legal instruments have been created and others improved, which favorably facilitate socio-economic development.

275. Membership of WTO and AEC will enhance opportunities to bring more investments, trade and services to Lao PDR. It will also provide experiences and lessons in technology and culture which will generate further socio-economic development in the medium- and long-terms.

7.1.3 Challenges

Regional and International context

276. Despite signs of a global economic recovery from the financial and economic crisis, the regional and global economic situation is expected to change over the next few years. Furthermore, political problems and disputes are expected to persist and are unlikely to be solved in many regions, causing ongoing obstacles to regional and global socio-economic stability.

277. Economic integration and cooperation through the ASEAN Free Trade Area (AFTA) and entrance to the AEC will bring more competition. Global climate change could cause natural disasters such as storms, earthquakes, droughts, and floods creating socio-economic impediments as will be the case globally.

Domestic context

278. Lao PDR's economy is still fragile, and based mostly on natural and semi-natural resources. Commercial production has not yet grown or diversified, and manufacturing is limited which has made the economy vulnerable to external factors such as changes in commodity prices and international market competition. Although Lao PDR has made efforts to improve and upgrade the investment climate and promote private investment in non-resource industries, it is ranked 149th out of

189 countries in the Doing Business Survey 2015. Poor investment conditions, climate and quality particularly very little technology transfer and employment generation are also challenges.

279. There are still clear economic and social disparities between the rich and the poor, as well as between cities, provinces, regions. Urban areas are developing quickly but without effective management and administration in place, such as waste management, traffic and traffic safety, urban migration etc.

280. Global and regional economic integration is limited by the knowledge and abilities of the national public and private sector staff. Sufficient, predictable and sustained investment is required to improve the quality and access to basic social services including health, education, nutrition, water, sanitation and hygiene, and quality social protection. Furthermore, Laos PDR's private sector is not sufficiently competitive.

281. The 8th NSEDP needs to lay out the main pillars of a sustainable development strategy for Lao PDR, which include an increasingly integrated market economy, sound macroeconomic policies, highly skilled labor, functioning institutions and strong basic infrastructure. Challenges which stand in the way of implementing such a strategy include limited development funds and high public debt, insufficient and weak institutions and poor legal framework. Social drawbacks persist. Climate change related natural disasters, such as droughts and floods, continue to impede development.

282. Lao PDR will need to respond to the transition from the Millennium Development Goals (MDGs) to incorporating the global development framework provided by the Sustainable Development Goals (SDGs), which are currently being finalized.

7.2 Long Term Plans

7.2.1 VISION 2030:

283. Based on national characteristics and situation, as well as the international environment and national development priorities, Lao PDR's Vision until 2030 foresees:

- Lao PDR will be ranked as a developing country with middle to high income; inclusive, stable and sustainable economic growth; balanced economic and social development (including environmental protection); political stability; and social order and social safety nets;
- A socialist market economy in which all business sectors support the national economy; there is a strong basic infrastructure system; industry and services are a major share of the economic structure, while agriculture and forestry sector is sustainably developed for food security; environmental protection and use of natural resources are more effective; local production is encouraged which, while shifting to industrialization and modernization, is also green and environmentally friendly; the macro economy is stable; and fiscal and monetary systems are more effective to smooth and facilitate business and services;
- A strong political and governance system under the leadership of the Lao People's Party, working under the premises of government for the people and by the people; an effective rule of law protecting people's rights; an enhanced administrative system which follows the 3 Build directive; a people united as one with a just and civilized society;
- Human resource development will meet regional and international standards contributing to socio-economic development, with ensured access to upper secondary education and quality health services; and
- Actively moving toward regional and international integration with increased competitiveness in different areas.

7.2.2 Ten-year Socio-economic development strategy (2016-2025)

284. The ten-year strategy takes account of the objective of graduation from LDC status by 2020 and the transition period of LDC graduation by 2025. It also builds on work to develop basic infrastructure and move toward becoming a medium-income country by 2030. The overall direction, targets and priorities are described in Annex 3 (to be appended in the Final version of the 8th NSEDP).

7.3 Population Policy Issues

285. Lao PDR is experiencing considerable population growth. Official population projections show an increase of between 1.7 million and 1.9 million between 2015 and 2030, with a total population of between 10.3 million and 10.7 million expected by 2050. Growth of different age groups within the population will vary sharply. Over the period of the 8th NSEDP, the number of school-aged children (those between 5 and 14 years old) is projected to decrease by 3.7 percent, while working age and elderly populations are expected to increase by 10.6 percent and 10.1 percent respectively.

286. Lao PDR has not yet completed its first demographic transition (the decline of both mortality and fertility rates to low levels) though it has been moving in this direction. Mortality rates declined for children under 5 years of age from 79 per 1,000 live births in 2010-2011, and should be able to meet its MDG target of 70 per 1,000 live births. Infant mortality targets are unlikely to be met. The total fertility rate of 3.2 (in 2008-2011) was still more than 50 percent above replacement level (i.e. population growth is projected).

287. As the population age structure still reflects the high fertility rates of the past, there are successively large numbers of the population moving up the age pyramid. This leads to growth through “population momentum” – meaning that population will keep increasing long after fertility falls to replacement level. The changing age structure of the population has resulted in a “demographic bonus”, meaning that the proportion of the population of working age will increase, so that there are fewer dependents for any one worker. Whereas in 2015 the dependency ratio will be down to 0.62, by 2030 it will have fallen to 0.51 and even lower by 2045 (0.43). It will start to rise slowly after 2050. Population ageing is not yet an issue for Lao PDR. The proportion of elderly is still very low (3.8 percent) and will only begin to rise rapidly after 2020. Even in 2050, the proportion of elderly in Lao PDR will be lower than in Thailand today.

288. Lao PDR has a low population density (the lowest in ASEAN) because much of the land is mountainous and cannot be cultivated. There appears to be roughly 1.1 hectares of arable land per household, or 1.7 hectares of cultivable land per rural family. As the latter will not decrease very much with population growth, the population dependent on agriculture is expected to remain constant with increasing migration to urban areas.

7.4 Sustainable development

289. At the Sustainable Development Summit on 25 September, 2015, UN Member States adopted the 2030 Agenda for Sustainable Development, which includes a set of 17 Sustainable Development Goals (SDGs)¹³ to end poverty, fight inequality and injustice, and tackle climate change by 2030.

¹³The 17 draft SDGs include: (i) End poverty in all its forms everywhere; (ii) End hunger, achieve food security and improved nutrition and promote sustainable agriculture; (iii) Ensure healthy lives and promote well-being for all at all ages; (iv) Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; (v) Achieve gender equality and empower all women and girls; (vi) Ensure availability and sustainable management of water and sanitation for all; (vii) Ensure access to affordable, reliable, sustainable and modern energy for all; (viii) Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; (ix) Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation; (x) Reduce inequality within and among countries; (xi) Make cities and human settlements inclusive, safe, resilient and sustainable; (xii) Ensure sustainable consumption and production patterns; (xiii) Take urgent action to combat climate change and its impacts; (xiv) Conserve and sustainably use the oceans, seas and marine resources for sustainable development; (xv) Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss; (xvi) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels; and (xvii) Strengthen the means of implementation and revitalize the global partnership for sustainable development.

290. The SDGs, otherwise known as the Global Goals, build on the Millennium Development Goals (MDGs), eight anti-poverty targets that the world committed to achieving by 2015. The MDGs, adopted in 2000, aimed at an array of issues that included slashing poverty, hunger, disease, gender inequality, and access to water and sanitation. Enormous progress has been made on the MDGs, showing the value of a unifying agenda underpinned by goals and targets. Despite this success, the indignity of poverty has not been ended for all. The new Global Goals, and the broader sustainability agenda, go much further than the MDGs, addressing the root causes of poverty and the universal need for development that works for all people.

291. Lao PDR is one of six countries¹⁴ in which a programme for the localisation of SDGs is being rolled out. The 8th NSEDP is consistent with the SDGs and the localisation programme will not change the direction or substance of the Plan. There may be incremental development of the 8th NSEDP M&E Framework however, to more precisely accommodate the SDGs.

7.5 Graduation from LDC status

292. Graduation from LDC status is a key long-term objective of the Government and leadership of Laos PDR. The identification of LDCs is currently based on three criteria: per capita gross national income (GNI), human assets and economic vulnerability to external shocks. To become eligible for graduation, a country must meet the threshold for two of these three criteria. In 2015, Lao PDR was estimated to have reached 99% on criteria 1, which is equivalent to US \$1,232 (threshold is US \$1,242), 92% of the graduation threshold of the second criteria (Lao PDR HAI: 60.8, threshold: 66) and 88% of the threshold for graduation on criteria 3 (Lao PDR's EVI 36.2, threshold: 32)¹⁵.

293. Sustained levels of economic growth, as achieved in recent years, will be necessary to reach the per capita income threshold. High levels of foreign direct investment (FDI), particularly in the natural resource sector can be expected to drive such growth. Government policies to diversify the economy beyond the extractive, natural resource-based industries are of critical importance in this regard. Based on this point the recommendation is to give more emphasis to the non-resource and private sectors in the 8th NSEDP.

294. Fulfilling all MDGs by 2015 is a core objective of the Government and was an essential element of the 7th NSEDP. Despite increases in budgetary allocations to the education and health sectors, achievement of MDG 1, especially the target on hunger, MDGs 2 and 3 (secondary education and gender disparity and adult literacy) and MDG 4 (child mortality) is proving difficult. Achievement of MDG 7 (water and sanitation) is also required. The UNCTAD review of the status of Laos PDR graduation efforts noted that nutrition of children and women of reproductive age is an issue of particular importance.

295. With respect to the third graduation criterion, Lao PDR is moderately economically vulnerable. Significant efforts have been made to strengthen the economy, including through building trade relationships with neighboring countries. However, there is concern that the non-resource sector is not receiving the attention it needs and calls for an inclusive, broad-based economy. Private sector development and infrastructure provision are required in the non-resource sector to create quality employment opportunities, enhance rural development and further reduce poverty. Agricultural productivity is still low and enhancing productivity is an essential ingredient for inclusive growth. Environmental management is needed not only to address the effects of climate change and strengthen resilience to natural disasters, but also to ensure that the social and environmental (and economic) impact of activities in the resource sector are fully understood.

¹⁴ The other countries are Bolivia, Myanmar, Rwanda, Uganda and Vietnam

¹⁵ UNCTAD 2015

7.6 Key Directions from Government

296. The directions of the 8th NSEDP, as laid out by the Government of Lao PDR¹⁶ are to:

- Ensure continued economic growth, with quality and macro stability, is achieved. Budgeting must go hand in hand with development targets and be consistent with a new environment of industrialization and modernization;
- Ensure sustainable development with harmonized economic and socio-cultural development, and environmental protection. Natural disasters are to be handled in a timely manner and strong links between integrated rural development and poverty reduction are to be ensured;
- Strengthen human resource capacity by improving workforce skills, encouraging more discipline and tolerance. The number of technical experts and specialists needs to be increased and the technical and professional capacity of civil servants, private sector and entrepreneurs need to be enhanced to improve national and international competition;
- Maintain political stability, peace and social order, as well as social solidarity, democracy and justice; and
- Actively continue widening international cooperation enhancing favorable conditions for regional and international integration.

297. An analysis of the problems and opportunities underpinning continued Lao PDR development took into account lessons learned from implementation of the 7th NSEDP, an assessment of other key factors as described above and guidelines provided in the Prime Minister's Instruction. Information currently available from the sources described helped formulate the overall goal and associated outcomes of the 8th NSEDP as detailed below.

¹⁶Laos PDR, Prime Minister's Instruction No.24/PM (2014), regarding the formulation of 2030 Vision, Ten-Year Socio-economic Development Strategy (2016-2025) and the National Socio-Economic Development Plan VIII (2016-2025).

8 Overall Goal and Outcomes

8.1 Overall Goal and Goal Level Performance Indicators and Targets

298. The overall Goal is continued political stability, peace and order in the society; the poverty of the people is reduced significantly in all areas; the country is developed out of the status of LDC by 2020 through continuous, inclusive and sustainable growth; maximum effective management and utilization of natural resources; the development enhanced through the national potentials and advantages; participated in regional and international integration with ownership.

Table 11 -Goal Level Performance Indicators and Targets¹⁷

8 th NSEDP Design Summary	Baselines	Performance Indicators, Targets
<p>OVERALL OBJECTIVE</p> <p>Continued political stability, peace and order in the society; the poverty of the people is reduced significantly in all areas; the country is developed out of the status of LDC by 2020 through continuous, inclusive and sustainable growth; maximum effective management and utilization of natural resources; the development enhanced through the national potentials and advantages; participated in regional and international integration with ownership.</p>	<ul style="list-style-type: none"> Poverty rate 23.2% 2012/3 (LECS V) 	<ul style="list-style-type: none"> Poverty rate 15% by 2020
	<ul style="list-style-type: none"> Baseline: 2015 UNCTAD assessment of progress: Lao PDR at 99% of the requirement for graduation in terms of GNI per capita. 	<ul style="list-style-type: none"> Composite score adequate for eligibility for graduation from LDC status (as advised by UNCTAD) GNI per capita higher than US\$1,574 by 2018 and at or higher than US\$ 1,810 by 2021 For Lao PDR, by 2020 to achieve GDP per capita at US\$3,100 and GNI per capita at US\$2,450 (Atlas), applied exchange rate of 8,300 Kip/USD
	<ul style="list-style-type: none"> Baseline: average annual growth rate of 7th NSEDP (8%) 	<ul style="list-style-type: none"> Real GDP Growth not less than 7.5% pa on average Agriculture growth 3.2%, 19% of GDP Industry growth 9.3%, 32% of GDP Agriculture growth 8.9%, 41% of GDP (excl. import tariff) By 2020, non-resource sector contribution in the GDP increase to more than the average contribution in the GDP during the 7th NSEDP
	<ul style="list-style-type: none"> Baseline: annual non-resource sector contribution in GDP (5.3%) during 7th NSEDP implementation period 	<ul style="list-style-type: none"> Non-resource contribution to GDP increases over 7th NSEDP average annual contribution by 2020
	<ul style="list-style-type: none"> Baseline: 7th NSEDP average annual non-resource contribution to GDP (5.3%) (7th NSEDP) 	<ul style="list-style-type: none"> Revenue achieved at 23-25% of GDP, domestic revenue 20-22%
	<ul style="list-style-type: none"> Baseline: revenue achieved during last four years of 7th NSEDP 74,323.72 billion kip, 24.4% of GDP (7th NSEDP target: 19-21% of GDP) Domestic revenue: 55,758.84 billion kip, 18.31% of GDP during last four years (7th NSEDP target: 16-18% of GDP) Expenditure 86,710 billion kip, 28.47% of GDP (7th NSEDP target: 22-25% of GDP) Baseline: budget deficit 12,386.28 billion kip, 4.07% of GDP (7th NSEDP target: equal or less than 5% of GDP) 	<ul style="list-style-type: none"> Expenditure equal or less than 28% of GDP Budget deficit 3-5% of GDP
	<ul style="list-style-type: none"> Baseline: Gini Coefficients estimated for Lao PDR, Urban and Rural in 2013 (36.17, 37.51 and 32.52) 	<ul style="list-style-type: none"> Gini Coefficients in 2020 improved for Lao PDR, Urban and Rural over coefficients estimated in 2013
	<ul style="list-style-type: none"> Baseline: Exports of goods and services (% of GDP) in 7th NSEDP Baseline: Imports of goods and services (% of GDP) in 7th NSEDP 	<ul style="list-style-type: none"> Exports of goods and services 15% of GDP per year Maintain trade deficit at the controllable level

¹⁷ INDICATORS AND TARGETS ARE INTERIM AND ARE BEING REVISED IN M&E FRAMEWORK

8.2 Outcomes of the 8thNSEDP (2016-2020)

299. The proposed overall goal of the 8th NSEDP can only be achieved if specific economic, social and environmental outcomes are achieved during the implementation period. The core objective of the overall goal is eligibility for LDC graduation. To do so, specific achievements are necessary which can be broadly categorized under the qualitative headings “low-income characteristics” and “severity of structural impediments to sustainable development”.

300. In quantitative terms, these specific achievements are expressed as GNI per capita (low-income characteristics) and the Human Assets Index (HAI) and Economic Vulnerability Index (severity of structural impediments to sustainable development). Outcomes which have these criteria as their basis will contribute to the achievement of the intended impact which has at its core the achievement of eligibility for LDC graduation.

301. The overall goal of the 8th NSEDP also acknowledges associated development priorities, which include achieving the off-track MDG targets, sustainability of economic growth, inclusive economic growth and enhanced environmental management. These are associated with the criteria required for LDC graduation but need to be stated to broaden out the aims of the 8th NSEDP. Outcomes of the 8th NSEDP have been identified as¹⁸:

- **OUTCOME 1:** Continued, firm and inclusive growth by consolidating strong economic foundations and reducing economic vulnerability

.... in association with

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

.... in association with

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

Table 12 -Outcome Indicators and Targets¹⁹

8 th NSEDP Design Summary	Baselines	Performance Indicators, Targets
OUTCOME 1 (one of three Outcomes needed to achieve the Overall Objective of the 8 th NSEDP) Continued, firm and inclusive growth by developing the strong economic foundation and reducing economic	EVI – Final Index Calculation 2015 = 36.2 (Lao PDR only). Global target is 32	<ul style="list-style-type: none"> • EVI – Final Index improved over 2012 level by 2015 • EVI – Final Index improved over 2015 level by 2018 <i>Baseline: 2012 EVI – Final Index = 27.1</i>
	Economic Vulnerability Index – Population <i>Baseline: 2015 population sub-index for size = 41.4</i>	Economic Vulnerability Index – Population <ul style="list-style-type: none"> • Population (size-exposure index) increased over 2015
	Economic Vulnerability Index –Remoteness <i>Baseline: 2015 Location-exposure index = 58.8</i>	<ul style="list-style-type: none"> • Location – exposure index reduced over 2015
	Economic Vulnerability Index – Merchandise	Economic Vulnerability Index – Merchandise

¹⁸These are a rationalization of an earlier formulation of 12 outcomes and were agreed within MPI.

¹⁹INDICATORS AND TARGETS ARE INTERIM AND ARE BEING REVISED IN M&E FRAMEWORK

8 th NSEDP Design Summary	Baselines	Performance Indicators, Targets
vulnerability.	Export Concentration Baseline: 2015 Index for Export Concentration = 22.4	Export Concentration <ul style="list-style-type: none"> • Economic Structure –Exposure Index: Index for Export • Concentration reduced over 2015
	Economic Vulnerability Index – Share of Agriculture / Forestry <i>Baseline: 2015 Share of Agriculture and Forestry Index = 41.9</i>	Economic Vulnerability Index – Share of Agriculture / Forestry <ul style="list-style-type: none"> • Economic Structure –Exposure Index: Share of Agriculture / Forestry reduced over 2015
	Economic Vulnerability Index – Instability of Exports (Trade Shock - Shock Index) <i>Baseline: 2015 Trade Shock – Shock Index = 24.2</i>	Economic Vulnerability Index – Instability of Exports (Trade Shock - Shock Index) <ul style="list-style-type: none"> • Instability of Exports (Trade Shock - Shock Index) reduced over 2015
	<ul style="list-style-type: none"> • Baseline: 2015 Ease of Doing Business by criteria 	Investment and financial management resources <ul style="list-style-type: none"> • Investment will be achieved at approximately 30% of GDP (approximately 223 trillion kip) <ul style="list-style-type: none"> - Government budget financed investment 11-12% of total investment. - Loans and grants investment 12-16% of the total investment. - Domestic and foreign private sectors' investment 54-58% of total investment. - Investment through bank credits 19-21% of total investment. • Development Planning and Budgeting integrated through operationalization of MTEF • Development Planning / Budgeting aligned through PIP rolling program
		Legal Framework and Human Resources Development <ul style="list-style-type: none"> • Entrepreneur management capacity / competitiveness enhanced • Use of science and technology enhanced • Micro-enterprise / SME management capacity / competitiveness improved – Ease of Doing Business rating improves • Labor productivity raised through labor movement from agriculture to higher productivity industry and services sectors at ... • Level of education and training of those already in, or entering, the public / private workforce raised • Urban management enhanced to improve economic roles of small towns • Regional Integration enhanced.
OUTCOME 2 (one of three Outcomes needed to achieve the Overall Objective of the 8 th NSEDP) Human resources have been developed and	Human Asset Index (HAI) - Final Index Calculation <i>Baseline: Composite HAI for 2015 = 60.8</i>	Human Asset Index (HAI) - Final Index Calculation <ul style="list-style-type: none"> • HAI composite index not lower than 66 by the year 2020.
	<ul style="list-style-type: none"> - <i>Baseline: 2015 Index for undernourishment = 72</i> - <i>Baseline: Prevalence of underweight children U5 32% in 2011/2</i> 	Percentage of Population Undernourished <ul style="list-style-type: none"> - LDC - MDG 1 Target: Prevalence of underweight children U5 less than 22% by 2016, less than 15% in 2020

8 th NSEDP Design Summary	Baselines	Performance Indicators, Targets
<p>capacity of both public and private workforce is upgraded; poverty in all ethnic people is reduced, all ethnic groups and all gender have access to quality education and health services; promote, protect and develop the unique culture of the nation; maintained political stability, social peace and order, justice and transparency</p>	<ul style="list-style-type: none"> - Baseline: Prevalence of stunting in children U5 40% in 2011/2 	<ul style="list-style-type: none"> - MDG 1 Target: Prevalence of stunting in children U5 less than 34% in 2016 and 28% in 2020
	<p>Baseline: (MDG 5) Infant mortality rate (per 1,000 live births): 54 in 2014</p> <p>Baseline: MDG 5) U5 mortality rate (per 1,000 live births): 72 in 2014</p> <p>Baseline: MDG 5) U5 mortality rate (per 1,000 live births): 62.8 in 2015</p>	<p>Under-One and Five Mortality Definition: UN - Probability per 1,000 that a new-born baby will die before reaching age five.</p> <p>Note: although targets reached Lao PDR lags behind regional indicators)</p> <ul style="list-style-type: none"> - Mortality rate of children under 1 year reduced to less than 30/1,000 live births by 2020 - Mortality rate of children under 5 reduced to 45/1,000 live births by 2020
	<ul style="list-style-type: none"> - Baseline: 2015 Index for Secondary Enrolment = 45 	<p>Gross Secondary Enrolment Rate: Definition: (WB, UNESCO) Number of pupils enrolled in secondary schools regardless of age/population in the theoretical age group for the same level of education</p>
	<p>Baseline: 2015 Index for Literacy = 63.6</p>	<p>Adult Literacy Rate: Definition: (UNESCO) Literate people aged 15 or above as a percentage of total population of this age group, literacy is defined as If he/she can read and write, with understanding, a simple statement related to his/her daily life</p>
	<p>Baseline: MDG 2 Net Enrolment ratio in primary education 97% in 2013/4</p> <p>Baseline: proportion of pupils starting Grade 1 who reach last grade of primary 78% in 2013/4</p>	<p>Universal Primary Education</p> <ul style="list-style-type: none"> - MDG 2 Net Enrolment ratio in primary education: Target: 98% by 2016 - MDG 2 Proportion of pupils starting Grade 1 who reach last grade of primary: Target 95% by 2016
	<p>Baseline: MDG 5 Maternal mortality ratio (per 1,000 live births): 357 in 2009</p> <p>Baseline: MDG 5 Proportion of births attended by trained health personnel: 42% in 2009</p>	<p>Maternal Health</p> <ul style="list-style-type: none"> - Post MDG 5 Maternal mortality ratio (per 1,000 live births): Target: 180 by 2020 - MDG 5 Proportion of births attended by trained health personnel: Target: One midwife per village by 2020
	<p>Baseline: MDG 9 Number of hectares released from UXO contamination (hectares per year): 6,927 ha in 2013</p> <p>Baseline: MDG 9 Number of casualties reported as result of UXO incidents (casualties per year): 41 in 2014</p>	<p>UXO Clearance and Victim Assistance</p> <ul style="list-style-type: none"> - MDG 9 Number of hectares released from UXO contamination (hectares per year): Target: 20,000 ha by 2020 - MDG 9 Number of casualties reported as result of UXO incidents (casualties per year); Target: ?? by 2020
	<p>Baseline: poverty headcount rate in (i) Vientiane and region, (ii) Urban Vientiane and region and (iii) Rural Vientiane and region estimated for 2013 (Lao Statistics Bureau)</p> <p>Baseline: poverty Gap in (i) Vientiane and region, (ii) Urban Vientiane and region and (iii) Rural Vientiane and region estimated for 2013 (Lao Statistics Bureau)</p>	<p>Equality</p> <ul style="list-style-type: none"> - Poverty headcount rate reduced in (i) Vientiane and region, (ii) Urban Vientiane and region and (iii) Rural Vientiane and region - Poverty Gap reduced in (i) Vientiane and region, (ii) Urban Vientiane and region and (iii) Rural Vientiane and region - Balanced regional and local development - Gender
	<p>Traditions and Culture</p> <p>Peace, Order and Justice</p>	
<p>OUTCOME 3 (one of three Outcomes needed to achieve</p>	<p>Baseline: 2015 Index for Victims = 88.9</p>	<p>Economic Vulnerability Index – Victims of Natural Disasters (Natural Shock – Shock Index)</p> <ul style="list-style-type: none"> - Victims of Natural Disasters (Natural Shock

8 th NSEDP Design Summary	Baselines	Performance Indicators, Targets
<p>the Overall Objective of the 8th NSEDP)</p> <p>Natural resources and environment are effectively protected and utilized according to green and sustainable direction; Readiness for coping with natural disasters and climate change effectively and reconstructing the damages from natural disasters for the better</p>		–Shock Index) Index for Victims reduced over 2015
	<i>Baseline: 2015 Index for Instability of Agriculture = 20.4</i>	Economic Vulnerability Index – Instability of Agricultural Production (Natural Shock –Shock Index) - Instability of Agricultural Production (Natural Shock –Shock Index) - Index for Instability of Agriculture reduced over 2015
	Natural Resource Management	

8.3 Summary of Outputs Required to Achieve Each Outcome

302. Selected outputs need to be achieved at sector/multi-sector levels to ensure that the outcomes are achieved and the overall goal is reached successfully. The outputs help to articulate the linkages between the three outcomes, and to balance short-term results with ambitious and long-term reforms. The following outputs have been identified as being necessary for each outcome respectively:

Outcome 1

- Output 1 – Sustained and inclusive economic growth
- Output 2 – Macro-economic stability
- Output 3 – Integrated development planning and budgeting
- Output 4 – Balanced regional and local development
- Output 5 – Improved public/private labor force capacity
- Output 6 – Local entrepreneurs are competitive in domestic and global markets
- Output 7 – Regional and international cooperation and integration

Outcome 2

- Output 1- Improved living standards through poverty reduction
- Output 2 – Ensured food security and reduced incidences of malnutrition
- Output 3 – Access to high quality education
- Output 4 – Access to high quality health care and preventative medicine
- Output 5 – Enhanced social welfare
- Output 6 – Protection of traditions and culture
- Output 7 – Ensured political stability, order, justice and gender equality

Outcome 3

- Output 1 – Environmental protection and sustainable natural resources management
- Output 2 – Preparedness for natural disasters and risk mitigation

Output 3 – Reduced instability of agricultural production

PLEASE NOTE – THE FOLLOWING SECTIONS DESCRIBE EACH OUTPUT INCLUDING TARGETS AND ASSOCIATED ACTIVITIES. THE TARGETS AND ACTIVITIES PRESENTED ARE INTERIM AND WILL BE REVISED FOLLOWING COMPLETION OF THE 8TH NSEDP M&E FRAMEWORK.

8.4 Outcome 1, Output 1: Ensuring sustained and inclusive economic growth:

303. To ensure continued, firm and inclusive economic growth, moves towards industrialization and modernization are a priority. By 2020, economic sectors should be structured in a way whereby agriculture–forestry sector covers 19 percent of GDP, industry sector covers 32 percent of GDP and the service sector covers 41 percent of GDP. This requires a focus on development of an economic sector with the potential to create fast returns and high added value, while promoting low and moderate potential sectors with sustainable characteristics, such as promotion and development of small and medium-sized enterprises (SMEs) to be competitive and sustainable. An inclusive approach will also focus on supporting small-holder farmers (the majority of Lao PDR farmers) to diversify and improve production within integrated farming systems. Similarly, strategies for privatization and the attraction of investments need to be underpinned by transparent enforcement of legislation, rules and regulations ensuring that diverse investors are attracted and that Lao PDR citizens will benefit from investments and the privatization of state enterprises, land etc.

8.4.1 Industrial Sector:

Directions

- Develop a high growth (quantitatively and qualitatively) industrial sector.
- Diversify commercial and modern goods production to meet domestic and export needs.
- Transforming it into a main sector to support sustainable economic growth.

Targets

- Increase the growth rate of processing industries and handicrafts, trade and services by 15 percent annually.
- Complete 15 hydroelectric power dams²⁰ over the next five years.
- Extend electricity coverage to 95 percent of the population.
- Increase processing and handicraft sector growth rates to approximately 13 percent and 16 percent per annum on average respectively.
- Increase the value of exports by 15 percent per year
- Attain a ratio of total trade value to GDP (openness ratio) of at least 70 percent by 2020.

Priority activities to achieve output

Industrial processing sector

- Diversify commercial goods produced in the industrial processing sector, quantitatively and qualitatively making it a high growth sector for domestic consumption and export; use agricultural and forestry raw materials and products as production inputs; modernize the industrial processing sector so that it is capable to compete internationally; render it a basic sector of the economy to create employment for the people; support investment factories that assemble spare parts (e.g. assembling vehicles and other machinery spare parts); encourage

²⁰ Including Sayaboury Dam with installed capacity of 1285 MW (2019), Xe Pien–Xe Namnoi with installed capacity of 410 MW (2019), Sekhamane 1 with installed capacity of 322 MW (2016), Nam Ou 5 with installed capacity of 240 MW (2017) and others,

investment in potential industries, such as timber products that can be exported to other potential markets (ASEAN, Australia, China, Europe, Japan, Korea and other); encourage investment in manufacturing and assembling industries, such as vehicles, electrical appliances, and electronic equipment and machinery. Meanwhile prioritize potential processing industries with products of Lao uniqueness.

- Develop industrial parks to attract foreign investment in the processing industries, especially Savan-Seno Special Economic Zone, Vientiane-Nonthong Industrial and Commerce Park, to focus on medium investment in garment, electrical parts and electronics.

Handicraft sector

- Develop high quality national handicraft products (e.g. garments, silk cloths and skirts weaving, bamboo weaving and wood carving) in each local area, and making them available to both domestic and foreign markets.

Energy sector

- Focus on hydropower development, thermal electric power, sun energy and industrial plants energy in order to turn the power sector into a sustainable income generating sector to support various productions and reduce poverty.

Mining

- Increase the promotion of mineral processing and reduce the export of unprocessed minerals to increase the value of mineral products and ensure that the benefits from this sector contribute to improving people's livelihoods.

Construction (infrastructure)

- Upgrade roads that connect to the neighboring countries such as the GMS corridors, Asian Highway, East-West Corridor, North-South Economic Corridor.
- Create comprehensive logistic systems in Natoei, Savannakhet, Vientiane and Champasak.
- Upgrade domestic airports to meet international standards and expand more routes to regional and international destinations in order to have comparable services internationally.
- Shift away from enterprises that are state owned in public work and privatization of the transport sector.

Implementing policies and legal instruments

- Set policies, legislation and mechanisms for managing and creating favorable environments for processing industries and handicrafts to grow, especially to encourage participation from the private sector in strengthening public and private partnership in order to build investor confidence.
- Set policies to promote industries that use raw materials from agricultural and forest products and mineral products as inputs to process finished products; set policies on science and technology industry, and policy on development of green industry and others.
- Encourage the construction of the industrial research and development center, industrial products design and promote industrial products' standards, modern technology transfer and application in the industrial processing.
- Promote logistics services by modernizing the customs system making it more transparent to attract greater investment.

8.4.2 Service Sector:

Directions

- Develop the service sector firmly linked to production enabling high revenue for the country and creating jobs
- Enhance land transit points in the region and provide diversified goods and services to meet domestic and international market demands.

Targets

- Increase the value of goods by 12 percent per year, and whole and retail business sales by 9-10 percent per year on average.
- Expand markets to, or build markets, in remote and rural areas.
- Increase the numbers of tourists to six million people by 2020, and encouraging an average stay of more than 10 days per head to generate a minimum annual revenue of \$953 million.
- Produce gifts for tourists (one district, one product) by 2020; develop 25 tourist sites; survey and allocate 40 tourist sites; improve and develop 10 tourist cycle sites of quality.
- Link online tourist advertising campaigns with ASEAN, GMS and Pacific Asia Travel Association (PATA) websites; deploy tourist representatives and liaison offices in 10 primary tourist foreign markets.
- Organize a tourism fair in 2018 to promote “Visit Laos”.
- Develop financial institutions to ensure high effectiveness and widen services.

Priority activities to achieve output

- To develop tourism based on the application of natural, cultural and historic inheritance potential in an effective and sustainable manner using social power and participation of the people; to build complete-service-cycle tourism and inter-link it to domestic and international tourist systems; to train tour guide personnel; transform tourism into a revenue generating sector of the country by focusing on prolonged tourist visits and increasing tourist spending in Lao PDR to create employment and income to the local population.
- Regularly provide goods in accordance with the market demand, facilitating the people’s access to the goods; to build and improve comprehensive and modern goods distribution networks to attract purchasers and spending in the country.
- Continue to qualitatively develop goods transportation systems, and provide smooth and efficient transportation systems and sub-regional inland transit business centers, improve and construct standard roads to ensure goods transportation service and link them with neighboring countries. To build facilities along highways such as stopping or parking lots, goods warehouses, vehicles’ stations and to build four logistics parks (Nateuay, Savannakhet, Vientiane Capital and Champassak); introduce international standard entry and exit check points along transit service corridors to the borders to facilitate smooth and efficient services.
- Build business banks and institutions efficiency to regional and international standards to ensure high level financial business services in order to promote the socio-economic development.

Implementing policies and legal instruments

- Promote public and private investment in the tourist cycle business.
- Improve the quality of tourist sites and support national provinces conduct a survey and plan tourist site redevelopment in line with the national tourist directions, to create more investment opportunities for the public and private sector.
- Concentrate on developing and renovating tourist site facilities to international standards and encourage local uniqueness.
- Broaden and promote more domestic and foreign investment in the tourist sector.
- Monitor and encourage business units to regularly contribute to the fund for tourism development and marketing.
- Support and promote tourist partner sectors to actively contribute and participate, and see the importance of developing and promoting tourism.
- Promote diplomatic and representative personnel for Lao PDR tourism in important target countries to conduct tourist advertisement and marketing.
- Increase awareness of the importance of conserving local and national unique and proud traditions and culture.

- Encourage local administrative authorities to organize functions and tourist activities, such as ethnic minorities, cultural fairs and local traditions fairs, to communicate unique local cultures and ways of life.
- Stabilize markets and market service management and protect consumers by ensuring quality goods and prices; actively focus on improving the markets, goods and prices management mechanisms in compliance with the market economy.
- Increase economic development in small towns and develop municipality services to create opportunities for non-farm employment.

8.4.3 Agriculture and Forest Sectors:

Direction

- Develop firm and sustainable agriculture and forestry sectors.
- Continue allocating land for agriculture and production to secure food and commercial production; increase potential agricultural production of each locality using clean and organic agriculture, and promote intensive agriculture using modern and high quality techniques.
- Improve farmer productivity by establishing farm production, production groups, enterprises and family model using modern techniques and technology into the production to ensure supply of agricultural products as inputs to processing industries and services quantitatively and qualitatively in order to add value to the products.
- Continue to focus on sustainable recovery, management, protection of forest and forest resources to ensure that Lao PDR is green and sustainably developed.

Targets

Food and supplies production

- Ensure sufficient food supplies and nutrition for the whole population.
- Ensure sufficient rice production for national consumption and as an export good as per the market demand.
- Produce 2.5 million tons by 2020 in an area of 600,000 hectares, of which 2.1 million tons is for domestic consumption and 400,000 tons for reserves.²¹
- Extend irrigated water supply from the 315,374 hectares currently covered to 476,012 hectares by 2020, yielding 4-5 tons per hectare.
- Produce approximately 228,000 tons of sweet corn, 304,000 tons of potatoes and starch roots, 800,000 tons of fruit trees and 1.5 million tons of vegetables.
- Produce 258,000 tons per year of meat and eggs and 229,500 tons of fish and aquatic animals.
- Increase livestock by 6 percent per year, and fish and aquatic animals breeding by 8-10 percent per year.

Commercial crop production targets

- Strive to increase the quality and quantity of agricultural goods produced to meet the needs of domestic processing factories and exports.
- Produce 1 million tons of rice for export and 500,000-600,000 tons for the processing industry.
- Other crops: 1.3 million tons of corn for animal feed, 120,000 tons of coffee, more than 2 million tons of sugar canes, 1.5 million tons of cassava, and 50,000 tons yellow beans. Efforts must also be made to produce advantageous crop products.
- Develop natural cattle farming methods to meet domestic needs and allow exports of 10,000-15,000 tons to neighboring countries by 2020
- To promote commercial livestock, increase fodder, feed products by actively promoting the production with a variety type of quality grass for demonstration and expanding grass as inputs for producing animal feed.

²¹Following a Government directive that ten provinces (Luang Namtha, Bokeo, Sayaboury, Vientiane, the Capital, Bolikhamxay, Khammouane, Savannakhet, Saravan and Champasak) focus on rice production.

Forest and forest resources management targets

- Manage and use production forests and community forests effectively.
- Continue surveys and allocate at least 600,000 hectares to forestry.
- Restore production forest of 500,000 hectares.
- Promote cultivation of 500,000 hectares of traditional plants, industrial crops.
- Develop forest allocation and management plans at village level in 1148 districts and 1653 villages.
- Reduce emissions from deforestation by preparing for carbon credit trading in 2020.
- Improve the Forest and Forest Resources Development Fund.

Priority activities to achieve output

- Promote clean and safe agriculture in local areas to meet domestic market demands and export to foreign markets.
- Promote forestry production, marketing and processing.
- Encourage use of natural livestock production to farming, instead of modern technology, to increase productivity.
- Concentrate on improving and upgrading irrigation systems to permanent and robust systems with effective management.
- Upgrade existing agriculture promotion and development centers to be capable of demonstrating techniques of agricultural production, and providing grain seeds to the people.
- Focus agriculture and forest use according to suitable climate, land use and geographic characteristics²²
- Focus on mega projects to ensure food security and projects on commercial agriculture production.

Implementing policies and legal instruments

- Develop and manage agricultural land for rice crops, vegetables, and livestock; extend registration and prohibit the conversion of irrigated rice fields into other purposes; conduct land allocation survey and an evaluation of soil quality for rice farming; complete the issuance of agricultural land titles to farmer families in priority areas no later than 2020. Clearly allocate land for planting vegetables, cattle rearing, poultry and fish as appropriate.
- Promote production and processing products by focusing on building modern rice mill factories and factories processing agriculture and forestry products, as well as ensuring products meet international standards.
- Create a favorable environment for sustainable and effective agriculture by enhancing farmers' access to information, markets, consumers, quality knowledge and appropriate technology to raise their performance with more outputs rather than an increase in production areas.
- Apply financial and banking policies that support producers, manufacturers and entrepreneurs with access to finance on rationale basis; build synchronized production chains between big business enterprises and SMEs.
- Apply a clean agriculture policy.
- Apply an energy policy that will ensure stable energy supplies to mills and processing factories.
- Apply a policy of open markets, price control and commitment, taxation, and promoting investment in agricultural production.
- Apply a labor policy that will ensure provision of labor to agriculture-forestry sector with specialized skills that meet international standards.
- Apply policies on intellectual property rights, standards and measures to build trust in products, and protecting the trademark of Lao PDR agriculture-forestry products.

²²e.g. rice, corn, beans and peas, vegetable, tobacco and others and cattle raising crops to be grown on plains, agro-ecological crops on mountainous plains.

- Apply policies on research and promotion of seedlings unique to the local environmental friendly species.
- Apply a transport facilitation services policy.
- Apply a policy on rural development that is closely linked to commercial agricultural production and sustainable food security.
- Apply policies to promote private investment, both domestic and foreign, focusing on irrigated agriculture.
- Apply a policy to promote domestic and foreign investments, especially focusing on irrigated agriculture.

8.4.4 Diversify Goods and Services and Diminish Natural Resources Reliance:

- Promote investment in commercial production not linked to natural resources (e.g. agricultural products processing industries, food and household utensils, processing factories etc.) as a strong base for economic growth, as well as the promotion mineral-excavating businesses, using forest resources etc.
- Improve mineral production so that raw mineral ores are processed and value added before exportation, while upgrading regular excavation mining areas to avoid socio-environment impacts.
- Develop clean, beautiful and environment-friendly tourist areas and improve hotel and restaurants services; improve the quality of tourist sites and guidance and diversify handicraft and architecture tourist products, and generate local and national income.

8.4.5 Build Synchronized Production Chains between Big Business Enterprises and SMEs

- Form a number of big enterprises to act as a driving force for SMEs, such as complete-cycled tourist companies, agro-products processing enterprises and other businesses.
- Improve the productivity of SMEs by promoting productive, appropriate and modern technology that fits the current situation of the national development and new innovation; set standards for goods and services to improve the production productivity; and enhance domestic and international market access.
- Create a favorable environment for businesses to set up and operate in, in terms of developing a strong legal framework, providing access to finance and skilled labor, access to business development and entrepreneurial consulting services, develop comprehensive infrastructure as investment incentives and build confidence in doing business.
- Promote access to finance for SMEs, by creating projects to support long-term finance by commercial banks interested in providing loans to such companies and establishing a fund to mitigate the risk as incentives for commercial banks to provide loans to SMEs.
- Improve access to financial services for enterprises in rural areas by promoting mobile and e-banking service, while having regulations established for management.

8.4.6 Local and Foreign Investment Promotion in Focal Areas:

- Focus on developing economically viable and sustainable Special Economic Zones (SEZ) and Unique Economic Zones (UEZ) by building a model industrial complex and complete a new city as driving apparatuses to steer the country's economic development and accelerate SEZ implementation consisting of five zones in Vientiane Capital, two zones in Khammouane and one in Savanakheth.
- Promote investment in processing industries using more modern technology.
- Create a favorable investment environment equivalent to or better than that in surrounding countries i.e. provide more efficient one door service, shorter lead time for getting investment licenses and more effective market investment information.

8.5 OUTCOME 1, OUTPUT 2: Macro-economic Stability:

Directions

- Lao PDR will continue to develop a growing economy by strengthening and diversifying production bases and improving strong quality services.
- In parallel, a stable macro-economic framework needs to be sustained; financial and monetary policies need to be improved to enable the macro-economy to grow in a continuous manner; the economic situation needs to be monitored so appropriate policies can be issued to maintain the inflation rate at a reasonable limit; interest needs to be defined and exchange rates managed to maintain a stable monetary situation which favors competition; internal debts (government and public) need to be managed and foreign debts decreased step by step; measures to enhance financial and monetary liquidity need to be improved and enforced and trade deficits gradually reduced; the foreign exchange reserve needs to be increased and foreign clearance balance ensured; state reserves need to be built up to secure contingencies and urgent payments in the event of natural disasters, epidemics and measures to respond to the regional and international economic crisis.

Targets

- Achieve GDP growth of not less than 7.5 percent per annum.
- Maintain inflation within the appropriate limits (in the order of 5 percent).
- Ensure stable exchange rates and contain them within the manageable limits.
- Keep the money supply M2 consistent with the economic growth rate.
- Strive to increase a foreign exchange reserve.
- Attain an internal budget revenue of 23-25 percent of GDP of which domestic revenue 20-22 percent and a total budget expenditure less than 28 percent of GDP (of which expenditure on wages should be no more than 45 percent of revenue and the budget deficit no more than 3-5 percent of GDP per annum).
- Maintain a manageable trade deficit.

Implementing policies and legal instruments

- Design appropriate financial and monetary frameworks by decreasing the budget deficit; limit the increase of budget expenditure in a way commensurable to a stable budget revenue increase; lower foreign debt to a GDP ratio to the secured level in line with international standards.
- Develop sound monetary policy indirect instruments.
- Design macro-economic and exchange rate models.
- Elevate monetary policy performance standards to be more effective.
- Build macro-economic frameworks to monitor economic changes and use the monitoring to identify relevant policy analysis and formulation
- Set mid- and long-term strategies to sustainably control and consolidate public debts and regularly manage foreign debts payments.
- Issue risk prevention measures that would cause cumulative budget debts (e.g. retroactive government financed projects executed in advance by the private sector, off-budget expenditure and enterprise' loans guarantees as examples).
- Establish coordination mechanisms on macroeconomic issues between the Ministry of Finance, Ministry of Planning and Investment, Bank of the Lao PDR, Ministry of Industry and Commerce and other agencies.
- Continue implementing the recommendations of the Financial Action Task Force FATF which are still pending (e.g. improve regulations on bank establishment).

8.6 Outcome 1, Output 3: Integrated development planning and budgeting

Directions

- Development and budgeting should be consistent, synchronized and interlinked with the country's overall development policies. It should focus on achieving growth standards allowing the country to leave the underdeveloped countries status.
- Development investment needs should be based on the budget funding capacity for each period, as well as raising foreign loans and grant aids, efforts to attract funds from domestic and foreign private sectors, procurement of bank credits, and population contributions to production and service business investments.

Targets

- From 2016 to 2020, a development fund of 223 thousand billion kip is needed. Public investment will need to cover 23-28 percent of total investment, while government budget investment and external loans and grant cover will need to cover 11-12 percent and 12-16 percent of the total investment respectively.
- Domestic and foreign private sector investment will need to cover 54-58 percent of total investment and investment under bank credits will need to cover 19-21 percent of total investment.

Implementing policies and legal instruments

- Government budget investments are focused on socio-economic basic infrastructure (including roads, schools, health centers, water supply and agro-technical research centers), as well as development of rural and remote areas.
- Investments under loans and grants are focused on social areas linked to the people's living conditions and poverty reduction, malnutrition problems solving and sanitation conditions improvement.
- Domestic and foreign private sector investments are focused on economic development sectors, such as investment in hydropower projects, construction, SEZ and UEZ development, processing industries, construction materials and vehicles' spare parts assembling industries, tourism development and construction of railways etc.
- Bank credits (bank credits and capitals from the security exchange market) are used for SME investments in producing agro-products, commercial processing industries and handicraft production in order to create employment and reduce poverty.

8.7 Outcome 1, Output 4: Regional and provincial development

Directions

- Development in the regions and local territories should be based on the potential and special characteristics of each province. At the same time, there should be a focus on appropriate investment to push economic development in areas which are slow and lagging behind by enhancing development conditions.

8.7.1 Northern region

304. In the region, economic growth should be actively promoted and GDP needs to grow by at least 10 percent by 2020. The agriculture sector needs to grow on average of 6.3 percent, to account for 36 percent of the GDP in 2020; the industry sector by 13 percent, to account for 33 percent; and the service sector by 12 percent, to account for 32 percent. Efforts should be made to achieve GDP per capita of \$2006 and increase the share of the non-agricultural sector further. The population growth on average is 2.4% per year by 2020 and projected population is about 2,879,594. The poverty rate needs to be reduced to less than 8 percent by 2020.

- **Agriculture production Areas:**

- Encourage sustainable production linked to processing by founding production centers and pilot centers for crop seeds and animal breeders, demonstration centers to promote seed development (i.e construction of rice seed centers in Luangnamtha, Xayabuly and Vientiane Province; commercial seed production centers in Huaphan, Xayabuly, Luangnamtha and Bokeo provinces, cassava seed in Oudomxay and Luangnamtha; yellow bean seed in Huaphan and Xiengkhouang provinces. Also tea production factory construction in Phongsaly and Nyot Ou districts. In addition, there are economic crop seed production centers constructions in the Northern provinces including: potatoes, bananas, plants and vegetables and fruit bearing trees. Encourage cow breeding centers in Xiengkhouang and Huaphan provinces; construction of breeding centers in Meuangxay in Huaphan province; construction of fishery demonstration centers and fresh water fish production centers in Xayabuly and Vientiane provinces. All these are to meet market demand within the region, Vientiane Capital, Vientiane Province, Xaysomboun and other provinces, tourist areas and for export to neighboring countries.
- Develop economic areas to cultivate trees e.g. teak, hardwood (Mai Dou), patterned hardwood, Mai Longleng, Maijan and other high value wood trees, by dividing tree planting areas in Luangprabang, Luangnamtha, Bokeo, Xayabuly, Vientiane and Xiengkhouang provinces.
- Develop areas to cultivate renewable energy crops (e.g. oleaginous fruit trees) in Luangnamtha, Bokeo, Oudomxay, Xayabuly, Vientiane, Luangprabang provinces, in the areas along the Mekong River and in suitable valleys. Develop an area of 50,000 hectares to grow bamboo and rattan, primarily in Huaphan province and other areas as appropriate.
- To promote innovation with a demonstration center for latex planting, supporting latex production in Luangnamtha, Bokeo, Oudomxay, Xayabuly, Vientiane, Luangprabang and Phongsaly provinces.
- To build demonstration areas according to local natural resource comparative advantages; selecting appropriate environmental conditions and requirements by dividing areas for planting in Luangprabang and Bokeo provinces i.e. Maijan wood which could be developed in Northern provinces with suitable environmental conditions.

- **Industrial production Areas:**

Processing industries

- These are regarded as innovative industries capable of generating high value. They include industries for processed wood (planks, beams), rubber, sugarcanes, jatropha oil, sealwax, bamboos and rattan, tea, vegetable oil and animal foods, with district towns in each province the location for agro-industry processing as follows:
- In the wood product processing industry focus on finished wood products and furniture as main products; establish large wood processing enterprises with high capability and a strong industrial base for exports (e.g Meuang Xay, Meuang Luangprabang, Meuang Xayabuly and Meuang Samneua); each province shall establish up to two wood processing factories making standard processed wood products capable of high level competition and up to two furniture factories;
- Promote many business structures in the latex processing industry particularly using the model: “company+land+farmers’ family” which transforms the agriculture, commerce and industry sectors into one common system, with construction of standard latex processing factories with sufficient production capacity to meet the market demand in the cities of Luangnamtha, Houayxay, Meuang Xay and Xayabuly.
- Construct laboratory centers breeding seal wax in Luangprabang and Xayabuly provinces (each province shall reserve an area of 200 hectares for the center as the Northern Part of the country is abundant in natural resources); construct handicraft centers for bamboo and rattan weaving-interlacing to produce commercial goods which are unique and with value-added potential in Huaphan and Vientiane provinces.

- Build up to two flour grinding factories in each province (Phongsaly, Oudomxay, Xayabuly and Xiengkhouang) and establish vegetable oil factories in the districts of Houayxay and Xayabuly.
- Construct animal feed factories with a production capacity of 200,000 tons per year in Meuangkham and Luangprabang districts, each province shall have one factory; construct an animal feed mixing factory with a capacity of 100,000 tons per annum in Meuang Xay; and build grass processing factories in Samneua and Phonsavanh.
- Sugar Cane and Tea Processing industries: ensure availability of sugar factories of capacity 200 tons per year in the provinces of Phongsaly and Luangnamtha, one factory in each province; build a tea products processing factory in the district of Phongsaly or Nyot Ou.

Electrical power and mining industries

- Focus on developing hydropower dams along the Mekong River's tributary branches including: hydropower projects of Namtha 2, Mekong River at the Parkbeng tributary in Oudomxay province, Nam Sam in Huaphan province and Nam Ngum 4A in Xiengkhouang province. Other related projects to be implemented include the expansion of distribution substations, electrical networks, construction of transmission lines for remote rural electricity supplies and developing electrical power sources for export.
- Strengthen existing metal industries, by considering the potential for iron, lead, aluminum, zinc, gold processing industries.
- Focus on the manufacture of construction materials such as cement in Meuang Long, Nam Bark, Xayabuly and Viengthong, and Vangvieng among others.
- Develop chemical industries such as chlorides, sodium salt, alkali, kali fertilizer especially in Vientiane province.

Trade, service and tourism:

- Develop and improve logistic service systems along highways No. 2, 3 and 13 South so that they become complete, smooth and fast systems.
- Establish economic and service centers in Luang Namtha province by focusing on the development of agriculture, transport service, trade and tourism.
- Strengthen trade and establish market systems in rural and mountainous areas. Use the potential of border economies including those of the crossing points of Houayxai, Taichang, Nameo and Bortenso.
- Develop national tourist centers Luangprabang and combine natural tourism with historic and ethnic minorities' traditional-cultural tourisms. Expand tourist roads to the centers of border economies and cross border tourism and integrate into GMS tourism strategies.

● **Areas of economic and residential development:**

- Urban economic zone development will be the core development as the zones have basic infrastructure and services, suitable for industries with potential to generate high value added: processing industries for agro-forest products, mineral processing (gold, zinc, iron, bauxites), construction materials manufacturing, industrial goods production zones for exports all with potential to build up the Northern region in the development orientation 1/3/3/4. There will be focus on the development of one economic center in the Northern region in Luangprabang and concentration on the development of three industrial zones in three provinces (Vientiane, Xiengkhouang, Oudomxay). Three economic corridors (Boten-Vientiane, Houayxai-Taichang and Meuang Ngeun-Nong Had) and four border economic cooperation zones (Boten, Houayxai-Tonpheung, Nong Had and Kenethao) will be developed, together with the development of newly established economic zones i.e. Nongkhang Special Economic Zone and Khang Nongluang Unique Economic Zone in Meuang Pack.
- Resettle residents in areas with favorable conditions for development including suburbs; relocate poor people dispersed in high mountainous areas to designated areas to improve their living conditions, by promoting techniques in cultivation and animal husbandry, handicraft development and tourist services which will enable displaced people to participate in the production development processes and to become free from the poverty step by step.

Establish village focal groups for residential resettlement and create jobs, establishing rural towns and transforming them into focal points for the promotion of processing industries, creating off-farm opportunities for labor working in rural agriculture. Accelerate 6 focal points development in Vientiane province (the villages groups of Ban Long Cheng, Meuang Orm, Meuang Ao and Meuang Saysomboun and the Phalavack Meuang Hom), in Xiengkhouang province (Ban Sanluang group in Muangkhoon and Ban Namsiam group in Muang Phaxay).

- **Basic infrastructure development:**

- To support international integration and expand road networks from provincial municipalities to priority districts and zones, the Government needs to focus on urbanization in the municipalities through the development of basic infrastructure as outlined below.

Land transportation infrastructure

- Upgrade National Road 13 between Pakmong and Oudomxay to connect to Road 1B; upgrade National Road 19 between Hatsa and Pakha (Laos-China Border); continue constructing roads to connect Att district, Huaphanh Province and Thathom District (Laos-Viet Nam Border); continue constructing roads to connect Sing District, Luangnamtha Province and Kanthao District, and Sayaboury Province (Laos-Thailand Border) through Bokeo Province.
- Improve and construct national roads and provincial roads for greater convenience and efficiency. For example, pave the road to connect Xiangkok-Myanmar Bridge to R3 Road (which connects Bokeo to the Chinese border) or construct river bank protection in at risk areas of Bokeo Province.

Water transportation infrastructure

- Improve river transportation along the Mekong and protect the river bank from erosion in target areas; apply ferry weight standards of ferries carrying goods between Huayxai and Luangprabang which is 300km long; install necessary equipment to upgrade communications between Laos PDR, China, Myanmar and Thailand.

Air transportation infrastructure

- Build new airports in Huayxai and Nongkharng to facilitate SEZ development; conduct a feasibility study for building an airport in Bouneua District, Phongsaly Province; expand further the airport apron, aviation traffic control station, petrol station, telecommunication and control equipment etc.; and improve international border checkpoints.
- Enhance coordination and knowledge exchange on development among the regions and provinces to enjoy common benefits while improving the investment climate to promote businesses and create employment given local conditions.

8.7.2 Central Region

305. The Central region has become a source of national economic development particularly by transforming the economy by modernizing and diversifying products. The most important industry sectors are electricity, mining, mineral processing and agro-processing industries, as well as tourism and international trade which will help absorb more of the labor force into the non-agriculture sector.

306. To enhance the role of Vientiane Capital as a center of economic, politics, culture, social and technical sciences and promote comparative advantages of Savannakhet Province in relation to economic cooperation with countries in the East and the West, focusing on industrial sectors that are using advanced technology and producing for export.

307. Strive to achieve high and sustained economic growth by focusing on industrial processing sectors that are labor intensive, aiming to increase labor in non-agriculture sectors. By 2020, the GDP growth rate is targeted at no less than 11 percent. The agriculture sector needs to grow on average of 6 percent, accounting for 26 percent of GDP in 2020; industry sector needs to grow 13 percent, accounting 40 percent; and the services sector needs to grow 11 percent, accounting for 34 percent of GDP in 2020. The objective is to achieve GDP per capita at \$3784. The population is estimated to

grow averaging 2 percent per year by 2020 and projected population is about 2,760,341. Poverty rate in the central region is aimed to stand below one percent by 2020.

- **Agriculture and forestry:**

- Khammouane and Savannakhet will be priority provinces for promoting rice production, especially in XeBangfai and Navang in Nangbok District, the downstream areas of Yommalath and Hinboun districts, Khammouane Province; XeBanghieng flat area in Savannakhet Province, especially Phouhua Saova in Sayboury district, Huaytuad in Champhone district and Lahanarm area. These areas will move towards irrigated agriculture in the future using technology, and quality seeds to ensure sufficient supplies for domestic consumption and exports overseas. In addition, sugarcane and cassava plantations in Bolikhamxay, Khammouane and Savannakhet provinces, cultivating tobacco for commercial use in Bolikhamxay, planting vegetables in Hadxaifong, Vientiane Capital and the Bolikhan District in Bolikhamxay will be encouraged.
- Animal farming will be encouraged especially in Vientiane Capital, Bolikhamxay and Savannakhet provinces with priority given to pig and chicken farming to meet market and processing industry demands. Fish farming in Vientiane Capital and Khammouan along the Mekong and Hinboun rivers respectively will also be promoted.
- Investment in forest protection and replantation, decentralization of forest the protection authority, promotion of agriculture and forestry, provision of technical advice on processing forest products (NTFP) to gradually change livelihood activities and raise income for those living in mountainous area will also continue.

- **Industry:**

- Create a facilitating environment for attracting investments from domestic and foreign investors in industrial and commercial parks at KM21 in Vientiane Capital, Savan-Seno Special Economic Zone in Savannakhet Province and Phukiew SEZ in Khammouane. To promote these zones to become centers of cooperation in economics, industry-commerce, finance, services and modern technology development by taking advantage of the location of these zones which is in the heart of the sub-region and their land link characteristic that help facilitating regional and international integration, generating employment and providing trainings for the government officials and the labor force. These are to enhance competitiveness and increase the labor force to supply the market demand of ASEAN.

- **Commerce, services and tourism:**

- Develop infrastructure and markets to connect trade between provinces and districts; open trade relations with other markets in the region; prioritize in developing markets along the East-West Corridors; and broaden market information sharing with entrepreneurs, and domestic and foreign investors.
- Post and telecommunication: establish postal centers for sub-regional integration and develop telecommunication centers within the national basic infrastructure.
- Develop faster logistic services on roads 8, 9 and 12 to facilitate trade and cross-border transportation.
- Improve and upgrade cross-border trade services, especially in Savan-Laobao, Namphao and other checkpoints, to deliver faster services which meet international standards in order to facilitate tourism, trade and transportation.
- Improve roads leading to tourist sites as well as transportation and accommodation; train quality tour guides; promote significant tourist sites in each province; develop tourist information centers; create opportunities for difference regions to share their on tourism; and develop a regional and international tourist integration plan.
- To develop and promote more diverse tourism by integrating regional tourism with Thailand and Viet Nam, using the advantage of Roads no. 8, 9 and 12.

- **Basic infrastructure development:**

- Continue to improve and upgrade necessary basic infrastructure; cooperate on provision of basic infrastructure between provinces along the East-West Corridors and roads 8, 9, 12 and Southern Part of road 13; improve the highway in the Northern part of road 13 to facilitate good transportation between Luangprabang and Vientiane Capital, and ensure it becomes a connecting road between the North and South; and construct roads along the East-West Corridors to support tourist access to neighbouring countries.
- **Social development:**
 - Develop social basic infrastructure; extend health and education services; apply development assistance policy in poor and underprivileged areas, with underprivileged areas along the border a priority; and increase investment in national significant social sector projects .

8.7.3 Southern region

308. Strive to achieve rapid economic growth by focusing on the industrial processing sectors that are labor intensive, aiming to increase labor in non-agriculture sectors. By 2020, the GDP growth rate is targeted at no less than 12 percent with agriculture sector growing an average of 8 percent, accounting for 29 percent of GDP in 2020; industry sector grows 14 percent, covering 34 percent of GDP in 2020; and services sector grows 15 percent, accounting for 37 percent of GDP in 2020; strive to achieve GDP per capita at \$2169. The population is estimated to grow averaging 2 percent per year by 2020 and projected population is about 1,473,707. Poverty rate in the central is aimed to stand below 7 percent by 2020.

- **Agriculture- forestry:**
 - Promote and expand production areas for coffee, cashew nuts, organic vegetables, tea, pepper and fruit tree plantations in Champassak, Saravane and Sekong provinces and, in particular, promote agro-processing industry and export production in Boliven Plateau, Paksong district; prioritize rice production in Champassak and Attapeu flats for domestic consumption to reduce imports; prioritize fish farming, beans plantations in eight districts of Champassak along the Mekong; promote the application of new animal breeding techniques to increase animal farming in Saravane and Sekong; promote cassava and jatropha plantations in Champassak province to produce future alternative energy; promote commercial industrial tree plantations in the provinces with potential. Promote rubber tree plantation and industry tree plantation in Attapeu to produce paper for export through Phukeua checkpoint - "provided that a legal framework for consultations with and sufficient compensations for local people to be affected by industrial plantations is in place"; link forest exploitation and conservation by replanting trees in exploited areas; decentralize land, forestry and habitat management, and transfer knowledge on agriculture and forestry techniques to people living mountainous areas.
- **Industry**
 - Develop the electricity, agro-processing and mineral processing industries; establish industry-garment groups along major roads (as identified under the Southern Asian Economic Regulation) and in cities identified as members of development triangles of Viet Nam-Laos-Cambodia and Thailand-Laos-Cambodia.
 - Create an environment to further attract domestic and foreign investors into industry zones at Km16 in Bajieng Districts, at Km12 in Phonthong district, at Km30 in Phonthong District, and improve cross-border trade services at Vangtao checkpoint (Phonthong District) and Nongnokkien Checkpoint (Khong District) to become faster and comparable with services at international checkpoints.
- **Commerce, services and tourism**
 - Focus on cities/towns that play important roles in bridging commercial production zones with markets, such as Samakkixay (Attapeu Province), Khong Sedon (Saravan Province), Thateng (Sekong Province), Paksong and Pathoumphone (Champassak Province) to significantly

contribute to technology transfer, market expansion, and modernization of and services in underprivileged areas in the region.

- Establish a shopping center at the heart of the region to facilitate trade relations between provinces within the same region and increase export commodities at nearby checkpoints; and pay close attention to market systems along borders, especially at borders with Cambodia and Viet Nam, to align with the development of tourism centers in and between regions.
- Develop tourism centers in Pakse and along roads supporting tourism between regions and cross-borders (such as National Road no. 18B, 14A and Road no.15) which facilitate tourism integration with Tai Nguan and the central coast tourism industry of Viet Nam, and the tourism industry in the North-East Provinces of Thailand.
- Focus on preserving UNESCO World Heritage Sites to attract domestic and foreign tourists, including Wat Phu Champassak, Khonphapheng-Leephee Waterfall, Four Thousand Islands, and other tourist attractions such as Wat Sakhae and Saysetha Stupa.

309. The southern region is an important area for creating agricultural value-added by applying new technology and clean production, and promoting more processing industries for products such as coffee, tea, rice and beans. Additionally, it requires construction of manufacturing factories, establishment of labor skill development center. It is also important to improve basic infrastructure for facilitating a high-quality and environmentally friendly tourism industry linking the four southern provinces with other regions.

- **Basic infrastructure development**

- Develop major roads of the region leading to Viet Nam-Laos and Laos-Cambodia borders; upgrade provincial and district roads to ensure all districts have roads to the center of the region that are accessible all year round; complete existing irrigation construction and renovation projects; construct additional medium and small-sized irrigations, and establish water supply systems in the urban areas which are linking points; and develop basic infrastructure in two districts in mountainous areas along the Viet Nam border and in Kaleum District.

8.8 Outcome 1, Output 5: Improved public / private labor force capacity

Directions:

- Develop both the quantity and quality of the workforce to be in a position to compete with foreign workforces of various areas at different levels, according to the economic structure by focusing on agriculture, industry and services areas in respect to the national development demand especially in the ASEAN region. Encourage workers to have a national conscience, be a good citizen, respect laws and regulations, be highly disciplined, ethical, tolerant and active in their work and self-development, thereby creating a healthy workforce with stable and quality jobs, with a reasonable income and rights and interests protected under the laws and international commitments on labor.

Targets

- Maintain the unemployment rate at two percent.
- Provide skill development to 658,000 people.
- To successfully recruit over 700,000 people into the workforce?
- Improve the skill development center in Oudomxay to be testing center which issues skill standard certificates for workers; to improve the skill development center in Attapeu to provide better services; and to establish a new skill development center in Bokeo and Sayaboury.
- Develop a new training curriculum which is in line with the development direction, focusing in particular on training curriculum for builders, mechanics, chefs and services etc.
- Develop skill standards for 25 professional areas.

- Test and issue standard skill certificates for 10 construction related professions, seven car mechanic related professions, six information technology (IT) related professions and four professions in tourism.
- Register 100 percent of the labor force in 306 labor units employing 100 workers or more.
- Organize labor skill competition at the national and provincial level at least once a year.

Priority activities and projects to achieve output

- Encourage employers to further develop the basic skills of their workers.
- Develop a mechanism which protects Lao PDR workers and management overseas and solve any problems associated with foreign workers which arise to ensure legal compliance.
- Promote research and application of science and technology and issue skill standard certificates for workers, to build confidence and trust for the worker and employers to help increase jobs and income security.
- Increase international cooperation to mobilize financial and technical assistances on Lao PDR labor skill development to improve quality of the Lao PDR labor force.
- Strengthen recruitment services and safe labor migration.
- Develop job placement and employment plan systematically in collaboration with Technical and Vocational Education and Training Institutes (TVET), especially to improve the course curriculum according to the development in each period and the need of employers.
- Conduct a survey on national workforce and labor markets.

Implementing policies and legal instruments

- Develop an appropriate policy on foreign workers in the areas where there is demand.
- Develop labor reform policy and mechanisms to ensure that labor restructuring follows the direction to reduce labor engagement in the agriculture sector and increase labor engagement in industry and services sectors.
- Improve minimum wage policies so they are further appropriate and suitable with the economic condition in each period.
- Create a clear, adequate and transparent legal framework for the management and protection of migrant labor, with strict and efficient legal enforcement on employment
- Improve regulations and mechanisms which ensure compliance with labor laws revised in 2014 and upgrade the capacity of responsible provincial and district staff to ensure effective implementation of these laws.

8.9 Outcome 1, Output 6: Local entrepreneurs are competitive in domestic and international markets

Directions:

- Human development is a key factor of national development, especially in the generation of advanced science, technology and integration. Therefore, it is essential to build human resources to be knowledgeable, competent and proficient in areas of education and professions, build experts in specific fields to employ them in public and private organizations where they can contribute to national development and construction as they are capable to run private businesses efficiently and effectively. At the same time, it is essential to concentrate on developing and managing technical services to build experts who specialize in each profession that can support the national development in each period. Encourage Lao entrepreneurs to develop their business with local potentials and uniqueness while promoting the use of new innovative technology in doing business.

Targets:

- Build a workforce in the areas of builders, car mechanics etc.

- Build a workforce in the areas of electrical engineering, civil engineering, mining engineering, geographical engineering etc.
- Build a workforce in administration and management, such as business administrators, financial managers, economists and lawyers.
- Build at least one technical school in each province, and upgrade technical schools in some provinces, if applicable to be colleges that can provide trainings at various levels in many more ways.
- Create more opportunities to enroll in vocational schools and training courses for 60 percent graduates at general education level.
- Build capacity for local firms, especially SMEs in processing industry, handicraft, and local traditional products that represent national uniqueness.

Priority activities and projects to achieve output

- Focus on improving and updating vocational and university education curriculums.
- Improve and expand basic infrastructure for learning and teaching, as well as training in different fields of work.
- Improve and develop coordination mechanisms between public and private sectors to train skilled mechanics and technical staff.
- Improve the data collection system as necessary and regularly disseminate data.

Implementing policies and legal instruments

- Reform vocational education system and vocational training that will ensure higher effectiveness and efficiency in the labor development and training.
- Train vocational teachers in various professions (technical specialization and pedagogy) at different levels, domestically and internationally, to sufficiently qualified to work in vocational and training institutions across the country at some level.
- Develop supporting policy to promote linkage between production and employment generation of business owners
- Develop supporting policy to encourage more secondary education graduates, and those without the opportunity to study, to enroll in the vocational education.

8.10 Outcome, Output 7: Regional and international cooperation and integration

Bilateral-multi lateral cooperation:

- The direction for mobilizing Official Development Assistance (ODA) focuses on bilateral and multilateral cooperation, which in turn focuses on the implementation of work plans with several stakeholders to implement, mobilize funds and guarantee fund contributions. The overall cooperation framework between Lao PDR and its development partners must be in accordance with and reflect the effective results, and support each other and have characteristics of chain results associated with previous projects. In addition, it should also support and mobilize funds from international non-governmental organizations (NGOs) more and in accordance with relevant decrees and legislations in order for the mobilization and use of funds to be in accordance with the specified objectives and are used effectively.

Bilateral cooperation

- Continue to expand cooperation with other countries and in depth into the sectors focused by other countries. Pay attention to work and projects related to poverty reduction and some off-track MDGs. Focus on the necessary infrastructure development and capacity-building to be the basis for the nation development and lift the country out of LDC status by 2020. Continue to consult with other countries on loans with low interest. In addition, open up to cooperation with some potential European partner countries.

- According to the development direction of other countries, increasing south-south cooperation and tripartite cooperation is necessary and can begin with projects on training and exchanging experts in order to lead to tripartite cooperation by requesting developed countries to provide funding for the implementation of this type of cooperation.
- Continue to cooperate and mobilize fund from Asian countries, from Europe and the United States of America into the implementation of the socio-economic development plan for more fund and higher results.

Multilateral cooperation

- The direction for multilateral cooperation shows that it is necessary to continue to increase efforts for more cooperation in GMS, starting with ASEAN as a negotiating partner. Cooperation with GMS has been going well and there will be opportunities for further collaboration in GMS and the triangle development area. There is also cooperation with financial institutions such as the World Bank, International Monetary Fund, Asian Development Bank, and Organization of the Petroleum Exporting Countries. However, loans must be in accordance with public debt management of Lao PDR and be taken at a lower and long-term interest rate to support projects necessary for infrastructure development. For loans with business interest rate, there should be specific mechanism associated with the economic sector with guaranteed returns and not included in the ODA list. In addition, there funds have also been received from established international funds addressing global emergencies, such as the Fund for AIDS and other contagious diseases, environmental fund, carbonic fund and other development funds.
- Continue to cooperate and receive assistance from United Nations' (UN) agencies to mobilize more funds for improving governance, protection and development of human resources, poverty reduction, removal of unexploded ordnances (UXO), addressing and responding to epidemic diseases and the implementation of conventions. At the same time, also pay attention to managing assistance from international NGOs systematically in order for the incoming fund flow and the implementation funded projects to be effective and in accordance with Lao PDR's development direction.

Regional and international trade integration

Directions:

- Regional and international integration for expanding economic, social, political or stability cooperation within the region starting with economic-trade cooperation ensuring mutual benefits to reduce the development gap with other countries.
- When integrating trade at regional and international levels, Lao PDR needs to ensure the linkages within the country which is an important basis for the integration (infrastructure, road, water and air transportation, electricity coverage, telecommunication, economic corridor, economic zone and so on). At the same time, the linkages should be regarded as an important part of the strategy to change the mindset of being a landlocked country to one that is integrated at regional and international levels.

Targets:

- Country trade integration rate.
- Proportion of expansion of goods and passengers delivery.

Priority activities and projects to achieve output

- To ensure efficient integration and create good opportunities for Lao PDR, macro-economic stability readiness, stable economic growth and access to domestic and foreign funding sources by business sectors, and readiness in banking and financial institution, are necessary.

Economic-trade integration:

- Taking it as an opportunity for market expansion both within and outside the country. Open up competition within the processing industry and trade service sectors by determining the niche market of the country and industry area, and create a variety of goods, as well as preparing legislations, rules and laws to facilitate trade such as joining the WTO and AEC, improve access to funding sources, create new entrepreneurs who are ready in all aspects, support and upgrade existing entrepreneurs to be more competitive; improve and promote SMEs to be ready and strong, create integration between SMEs and big enterprises to create production chain. Focus on increasing external trade. Increase coordination mechanism between sectors and between local areas.

Transport integration:

- Upgrade public works and the transportation sector to be the development spearhead for linkages within the country, integrate and link with regional and international levels by facilitating quick services and ensure safety in creating conditions for investment, production, trade and tourism. Focus on improving and expanding infrastructure including roads; national avenues (linking roads from provinces to districts and villages); ASEAN main roads²³; railways²⁴; water ways²⁵; air transportation²⁶; develop and expand standards for logistics systems in Laos.

Energy integration:

- Develop national sustainable energy aimed at ensuring power stability for domestic use (hydropower, charcoal) and being competitive in the region; focus on generating reliable energy sources; create basic rights and variety of energy business types in order to sufficiently meet requirements of consumers; research new power sources and increase the expansion of renewable energy and other alternative energy (solar power, wind power, biomass, biogas); focus on the development and use of clean and environmentally friendly energy to protect forests and water sources; continue with mining that has been surveyed and mining with high quantity for the sustainability of mines. Expand electricity coverage to remote rural and hard to access areas allowing at least 90 percent of the population to have access to electricity by 2020. Continue with projects to export energy to foreign countries²⁷. At the same time, in the next five years, strive for projects with PDA and CA contracts to start the construction of 24 projects, to expand the electricity sector at the average of 32 percent per year, reduce the negative balance on the export and import electricity by limiting the import of electricity to no more than 20 percent of national usage by 2020.

Labor integration:

- To enable labor to adapt to changes in the regional and international labor market, step by step by focusing on developing labor skills so workers have the knowledge, capability, creativity, discipline and training to meet the requirements of production markets in ASEAN countries; standard of labor skills, examination and issuing certificate and organize labor skills competition regularly; increase the minimum wage; determine clearly on the proportion of importing foreign labor to be able to ensure employment of local workers; the labor movement within and outside the country must be systematic and with clear mechanisms to ensure employment; establish and improve the social insurance network to be strong and

²³No. 3, 13 north, 13 south, road No. 2, No. 8, No. 12, No. 16B and 9

²⁴ From Boten to Vientiane Capital, Vientiane Capital – Thakhaek - Muya, Thakhaek – Savannakhet - Champasack- NongNokkhien - and Champasack - Vangtao

²⁵ Improve water way from the border of Laos-China-Myanmar to Houayxai, improve services of Huang-anh Ports to facilitate Lao import and export of goods with reasonable price

²⁶ Improve and upgrade domestic airport and international airport to meet international standards, expand more flying routes with countries in the region, create all necessities for flight such as: quality personnel, flight radios and managing safe air traffic

²⁷ Three projects are under construction with the total power installation of 3,428 megawatt such as: Hongsa hot power project 1,878 megawatt, Xayaboury hydro project 1,260 megawatt and Xekhaman 1 with power installation of 290 megawatt

efficient to protect rights and benefits of workers in all sectors and careers; focus on making a labor market information system, establish and strengthen the network of employment services to be able to meet labor market requirements; seriously focus on transforming the labor structure by moving labor from the agriculture sector with high proportion but low effectiveness, to the industry and service sectors which are more effective.

Culture and tourism integration:

- Culture is the main foundation of sustainable development in Lao PDR leading to solidarity in society and pushing it to expand, integrate at regional and international levels based on preserving and protecting Lao PDR cultures and traditions, and bringing attention to Laotian cultures and traditions. Culture development must be associated with tourism which is regarded as the country's opportunity to promote its culture, history, traditions and heritage.

Implementing policies and legal instruments

Trade integration

- Develop legislation systems in economic areas to work hand in hand, as well as increasing the implementation of laws.
- Apply a policy to promote government, private and entrepreneurs' participation by establishing forums for regular consultation.
- Apply a policy on the development and marketing of local products which can compete at the GMS, regional and international level by creating new unique products or services, and develop a variety of goods based on the potential of each local area and based on market requirements; promote and expand the local economy to embrace local community innovative production.
- Apply a policy for accessing funding sources, and attracting both national and international investment.

Transport integration

- Develop and improve legislations for transport integration, such as management of vehicles, monitoring and managing goods and passenger's transportation with global positioning systems (GPS).
- Apply a policy on the development of economic corridors, north, south, east and west by linking them with goods and passengers transportation by roads, water and air effectively.
- Apply a policy for the green development of cities, for orderly and clean cities with no pollution and attractive for living.
- Apply a communication's policy in association with the policy on production for business and production.

Energy integration

- Apply a policy that will ensure the stability of energy by focusing on the sufficient provision and distribution of electricity to production and service areas. For out of coverage areas, there should be research on alternative sources of power; expand electricity coverage to areas with no electricity coverage or insufficient electricity.
- Apply a policy that will facilitate improving local participation in managing and reducing government subsidy, while moving toward privatization.
- Conduct, study and develop a master plan for rural electricity and the construction of small size hydropower plants in possible areas, or solar power or diesel power generation in remote areas where hydro power is not possible.
- Apply a policy to determine electricity pricing.
- Apply a policy to invest in developing renewable energy and alternative power sources.
- Apply a policy on saving energy and effective use of power which is also a policy on international power integration.

- Apply a policy on environment protection by promoting the use of new technology which is environmentally friendly, produces minimum amounts of pollution, and support the development and more use of clean energy.
- Apply a cross-sector policy to protect natural resources (e.g. forests and water source forests protection needs collaboration with agriculture and forestry sector).

Labor integration

- Apply a policy to develop the number and quality of skilled workers by establishing national standards on labor skills in different careers and organizing regular competition on labor skills at provincial and national levels to improve and increase experience in labor skills development.
- Apply a policy to develop a quality database system on nationwide labor market information.
- Apply a policy of social development and expand widely health insurance alongside with disseminating the regulations and laws on the social protection to the target group of people.

8.11 Outcome 2, Output 1: Improved living standards through poverty reduction using Sam Sang-oriented directions:

Directions:

- To solve the poverty of the population and ethnic minorities²⁸ across the country by enhancing robust and firm political roots and conducting comprehensive rural development linked to building developed villages according to four statements and four targets (see below). Economic development is regarded as the central task along with socio-cultural development and environment protection, to safeguard national defense and security and to maintain political stability; agglomerate big villages into small towns in rural areas linked to productions in the local regions and territories; prioritize the resettlement of people by allocating new places to stay and permanent professions; achieve poverty reduction by promoting commercial production and services according to their respective local potential; clear UXOs from development territories, tourist sites, agricultural and livestock land, and residential areas. In parallel, conduct treatment, health rehabilitation and assistance to victims of UXOs.

Targets:

- The poverty rate decreases to 15 percent by 2020
- The number of poor families is no more than 7 percent by 2020.
- The number of poor villages is less than 10 percent of the total number of villages.
- The number of remaining poor districts is lower than 15 percent of the total number of districts.
- To establish developed families more than 50 percent of the total number of families.
- To establish developed villages to reach more than 50 percent of the total number of villages across the country.
- To group big villages to form small rural towns, creating three small rural towns in one district.
- To eliminate poor districts by half of the total number of districts across the country.
- To establish developed districts to accomplish more than 10 percent,
- To address the migration issue.
- To diminish the number of UXO victims from 45 to 25 victims per year by 2020.
- To clear UXOs from priority areas and ensure a clear area of 30,000 hectares.

²⁸A focused poverty reduction strategy will take into consideration the following important aspects of the poverty profile in Lao PDR: (i) half of the poor are chronically poor and the other half suffer from transitory poverty; and (ii) a larger number of poor people are now located in large provinces with average poverty rates. To do so, the issues of household vulnerability and having adequate social safety nets to mitigate shocks will need to be addressed.

- To provide assistance to all victims of UXOs.

Priority activities and projects to achieve output

- To launch staff missions to grass-roots areas to concentrate on transforming villages into developed units, to counteract social drawbacks appearing in various villages and districts, to secure the grass-root areas, to return good social order and make people enthusiastic about contributing to development. Solve poverty, improve people's lives and create better living conditions step by step.
- To attract funds from various sources and advocate that all members of society contribute to the poverty reduction.
- To improve and construct necessary basic infrastructures in rural and remote areas (e.g. upgrading and constructing roads). Construct public and private sector service facilities accessible to all, to transport products and goods to markets for distribution between districts, provinces and frontiers.
- To allocate residential housing and give them the means of livings for the people, particularly in the villages who have no place for production. Design good village planning and enforce the planning's implementation consisting of village administration office (village office), village hall, village information centers etc. Supply water for two seasons to support food and supplies production objectives, as well as the production of commercial goods (which are linked to agro-irrigation development programs). Prepare to cope with climate/weather changes and reduce damages eventually caused by natural disasters.
- To cluster small villages and villagers into one big village, in line with the 3 Build directives, taking into account negative economic, social, nutritional impacts and participation aspects of resettled people.
- To promote intellectual economy and subsequent production of diversified commercial goods.
- To encourage people to produce local diversified goods to attract tourists (e.g. agricultural and forest products etc.), to produce souvenirs for domestic use and exports (e.g. Lao silk cloths, wood and metal products etc.).
- To create jobs and generate more income through tourism-related activities.
- To concentrate in removing UXOs by ensuring land surveys are conducted with clear target and priorities.
- To concentrate on sustainable management and use of natural resources.
- To provide water and sanitation in rural areas to ensure access to adequate water and promote increased use of domestic and public latrines²⁹

Implementing policies and legal instruments

- To improve and set investment policies for production, tourist service, education and health in remote rural areas, to clarify them in order to attract more private investments, with the aim of creating employment and further income generation for the people by focusing on investments which employ rural labor (e.g. agriculture-forest sectors, mining, power and processing industries). In parallel, conduct professional training in various specialty areas to upgrade labor skills and expertise for rural people to reduce the inflow of labor into cities and spread out more development to rural areas.
- To issue appropriate policies for customs and tax collection, credits issuance, use of site resources, assets capitalization; to facilitate entrepreneurs and others in dangerous, rural, remote and poor areas.
- To improve and issue regulations at in local areas to make them consistent with actual conditions and based on general regulations and principles.

²⁹WASH is a critical component in addressing under nutrition. In Lao PDR, an estimated 10 percent of deaths of children under-fives years of age are due to diarrhea. The data show a strong association between WASH and diarrhea, underweight and stunting.

- To strengthen responsibility and ownership of sector policy implementation, as well as to concentrate on directing and supervising staff and funds used in the actual operation in the local areas.
- To issue policies that promote capable staff at central, provincial and district levels who conduct field missions in remote and dangerous areas.
- To formulate a national rural employment strategy that concentrates on designing strategies, methods and programs which create jobs and income in rural areas.
- Increase collaboration between Government and civil society in implementing UXO removal activities.

8.12 Outcome 2, Output 2: Food security ensured and incidence of malnutrition reduced

Directions:

- Ensuring food security with adequate nutrition and safety for consumer's health is a key development task which will require upgrading production performance, improving peoples' physical, mental and emotional health (especially for disadvantaged youth and children, and women of reproductive age) in order to contribute to solving poverty, reduce malnutrition and improve their livelihood in a sustainable and inclusive manner.

Main targets:

- Availability of food for the people is sufficient with essential nutrients, each person will have daily energy intake between 2,600-2,700 Kcal.
- Local agricultural products which can become priority products under the clean agriculture standards are identified.
- Agriculture productivity is increased.
- Animal husbandry is shifted from natural dependent characteristic to farming and industrial characteristics. Farm products to compose more than 30 percent of total animal products.
- Forests to cover 70 percent of total area in 2020.
- Two priority areas are identified as irrigated agriculture models for rice, vegetables, and fisheries.
- Allocate areas for agricultural production based on the following soil and air conditions:
 - Large flat areas (Vientiane, Bolikhamsay, Sebangfai, Sebanghieng, Sedon, Champassak and Attapeu) for irrigated agriculture development, rice farming (priority for Savannakhet and Khammouane Provinces) and tree plantations;
 - Plateau and mountainous areas (Bolaven, Nakai and Xiengkhuang Plateaux) for fruit trees and cold weather flowers and vegetables. Nakai Plateau is suitable for fish nurseries and fishing as it surrounds a huge lake. Xiengkhuang Plateau is suitable for growing graze to feed animals and cold weather trees, flowers and fruits.

Priority Activities and Projects to Achieve Output:

To accomplish food security targets, sustainable and integrated agriculture development through the promotion of clean and organic agriculture which are environmental friendly is required. Particular attention is needed for the following tasks:

- Properly allocating agricultural production areas by classifying and identifying land use areas (such as areas for rice farming, cash crops plantation, large animal husbandry, and target areas for planting trees for domestic and export markets);
- Developing basic infrastructure and identifying target areas for irrigation, especially Sebangfai and Sebanghieng and other flatlands, to focus on rice farming and a move toward irrigated cultivation of target plants (comprehensive agricultural production);
- Identifying enabling and potential areas for organic farming and expanding clean agriculture to ensure food safety;

- Be proactive on risks management and mitigate impacts from natural disaster;
- Expanding modern and effective agricultural production, apply advanced science and technology into primary production;
- Improving production management systems;
- Providing production technical services and promoting their use by researching rice and plant seeds and animal breeds, and experimenting with new technologies to upgrade productivity;
- Building rice storage/warehouses to ensure food security in the event of natural disasters, food crisis etc.;
- Improving and developing a system for sanitary and phyto-sanitary measures; and
- Linking agriculture development and processing industry early in the process to promote commercial production, and clearly identifying the division of tasks between the agriculture sector and industry and commerce sector in all scales of production.

Implementing policies and legal instruments

- Clear and practical policies on food and nutrition are needed, including policies on expanding production areas and increasing productivity.
- The identification and classification of agricultural land needs to be clear and appropriate with the geographical situation and temperature in each area. In addition to prioritizing areas for rice production and land allocation for other possible types of plantations, it is equally essential to consider plantations for industrial trees, short and long season vegetables and potential livestock.
- Policies to develop comprehensive basic infrastructure are required (e.g. development of irrigation systems, agriculture extension, creating a center to support seedling of potential vegetables, rice and livestock breeding) to ensure market competition and sufficient supplies for domestic consumption. Modern laboratories, an analysis center and technical service stations which meet international standards are also needed to enhance competitiveness in regional and international markets. Roads also need to be improved to facilitate the transportation of goods and raw materials in both seasons of the year. Sufficient energy and water supplies need to be ensured to facilitate agricultural and industrial production.
- Appropriate policies for farmer credit loans are needed in order to reduce production costs, increase negotiation power in supplying and pricing, and to act as collateral to access financial resources from financial institutions.
- Apply promotion policy on the commercial production of agricultural commodities of national priority and local products in order to create linkage between agricultural production and the tourism industry; encourage more private participation and investment in agriculture; and clearly divide responsibilities between public and private participation in each province.
- Apply sanitation and phyto-sanitation policies to limit the consequences of and stay proactive where there are outbreaks; establish monitoring and certifying systems for food safety operators to build trust among domestic and foreign consumers. There is also a need to ensure clean and strict inspection on imports of consumption goods, as well as animal feeds and vaccines. It is also important to ensure clean animal farming areas and, systematic and regular transfer of knowledge among farmers, as well as regular quality inspections of factories and slaughter houses to meet international standards.
- Strengthen capacity at the grassroots level to enable knowledge sharing and on-job-training to farmers on a regular basis (e.g. on techniques on plantation and animal husbandry) to reduce production costs and ensure products are in line with market demand and enable regularly and timely production.
- Establish a risk reduction fund to help alleviate the burdens of production costs for the farmers during agricultural product price fluctuations, thus helping create price competitiveness with foreign producers.
- Promote consumption behavior that is in line with sanitation and food nutrition principles by conducting campaigns and including these principles in the school curriculum from kindergarten onwards.

- Improve coordination between sectors concerned to become stronger, more effective and more systematic especially in the areas of public health, education, agriculture, environment and industry and commerce etc. The industry and commerce sector needs to pay attention to safe, clean and good standard processing and supply of raw materials as inputs for factories; improve and expand commodity supply to the market in a sustainable system; strengthen coordination with, and increase participation from, the public works and transport sector, energy and mine sector, banks and financial institutions.
- Increase cooperation and close collaboration between the public and private sector (especially business operators, enterprises, domestic and foreign firms) to expand the production base and thus enable sufficient supply of raw materials from agricultural products to processing factories.
- Formulate and improve legislation on zoning and plans for land use for agriculture that suit the actual development situation and needs for sustainable agriculture development.
- Formulate and improve legislation on sanitation and phyto-sanitation as a commitment and action toward international treaties.
- Create a cross-cutting strategy and action plan on food and nutrition for 2016-2020.

8.13 Outcome 2, Output 3: Universal access to quality education:

Directions:

- Continue reforming the education system by concentrating in investment on the tasks set in the Education Strategy and human resources development strategy to give everyone access to education (from kindergarten to vocational and university levels) in response to demand from socio-economic development; improve and expand basic infrastructure for the education for all, especially those in remote areas; extend education opportunities to children and adolescents to strengthen reading skills of preschool children and youth, and improve literacy among adults and those in remote areas in order to fulfill the policy on compulsory education at primary level and then at secondary level, as a foundation for developing and improving labor skills and quality; ensure an incentive policy is applied to attract more students at vocational education levels; improve and modify the curriculum for vocational and university education in fields that suit socio-economic development, such as engineering, mining, processing, handicraft, mechanics and services. This is to help ensure a higher quality of education and sufficient labor force that is to be employed in production and service sectors which supports future national development and enhances capacity to integrate and compete at the regional and international level.
- Develop capacity for athletes and gymnastic players to become professional and meet the regional and international standards step by step; encourage all people in society to play sports and do gymnastics especially youth, women and seniors; promote and develop sports of indigenous groups and make them national sports as appropriation.

Targets:

- 55 percent of children between 3-5 years old enrolled in pre-school.
- Gross enrolment rate of children of 5 years old reach 70 percent.
- 99 percent net primary enrolment rate.
- 90 percent primary school completion rate.
- 85 percent lower secondary enrolment rate.
- 75 percent upper secondary enrolment rate.
- 30 percent of lower secondary school graduates and 60 percent of graduates of upper secondary school to be enrolled in vocational training.
- 99 percent literacy rate among 15-24 year olds.
- Literacy rate of population above 15 years old reach 95%.
- 30 percent of the total population to be engaged in exercise and play sports-gymnastics.

Priority activities and projects to achieve output

- Develop educational basic infrastructure especially kindergarten and primary schools in villages without permanent schools; extend lower and upper secondary schools where possible; improve quality of education and sports; and build vocational schools for each region.
- Improve the quality of learning and teaching by improving the quality of teachers, providing learning-teaching tools, building laboratories and other necessary rooms for practical, rather than theory, based learning.
- Improve educational administrative systems from central to provincial levels.
- Give greater priority to scientific research and application of its results in the learning and teaching process to raise the quality of students and pupils.
- Prioritize improvements for physical education, especially improve capacity for trainers and identify select talented athletes for national sports teams.
- Continue implementing the school meal project and a social safety net to attract children in remote and rural areas to attend school.

Implementing policies and legal instruments

- Continue implementing evidence based educational reform strategies.
- Continue implementing the national action plan on education for all and the education development framework.
- Continue applying the policy on automatic graduation.
- Improve policies for staff working in remote areas to be more suitable and situation appropriate.
- Encourage the private sector to invest in education through a public-private partnership (PPP) approach.

8.14 Outcome 2, Output 4 – Access to health care and preventative medicine

Directions:

- Expand and improve the quality of integrated public health services to ensure access to healthcare and medical services for all; strengthen public services management regularly and continuously by improving and expanding infrastructure which will enable the extension of public health services to remote rural areas; increase the capacity to provide treatment and preventative medicine by employing and training healthcare professionals, including nurses, with the skills and ethics required to provide better services and apply appropriate technology in order to raise the quality of healthcare services; ensure sustainable finance for the health sector by increasing public budget and funding to broadly cover private and community health insurance. Ensure children receive adequate nutrition, food hygiene and a variety of nutritious foods from each of the five food groups; carry out campaigns in the communities to raise people's awareness of the importance of keeping healthy; provide healthcare information and services, especially on reproductive health and family planning, and information on sanitation; supply adequate clean water and sanitation facilities in urban, rural and remote areas to ensure access to clean water and latrines. Increase sanitation coverage in schools.

Targets:

- Achieve an average life expectancy of 73 years.
- Wasted ratio in children under five reduced to 15% and stunt ratio reduced to 28%.
- Reduce mortality rates of children under one year old to 30/1,000 per live births.
- Reduce mortality rates of children under 5 years old to 45/1,000 per live births.
- Reduce maternal mortality rates to 200/100,000 per live births.
- Ensure 90 percent of the population has access to clean water.
- Ensure 80 percent of the population has access to latrines.

- Ensure 95 percent of children are immunized.
- Ensure 80 percent of the population have health insurance.

Priority activities and projects to achieve output

- Improve and establish health centers in appropriate areas, upgrade the capacity of district hospitals to carry out minor surgery, upgrade provincial and regional hospitals to increase trust in healthcare services.
- Build and train field medical staff in remote areas and send more medical graduates to the provinces for internships.
- Broadly expand private and community health insurance.
- Continue establishing more health model villages.
- Continue efforts to improve food quality and inspection of medicines and take appropriate measures against law violations.
- Improve the health information system to be accurate, fast and up to date.

Implementing policies and legal instruments

- Continue applying policies for free health treatment and ensure it meets actual needs, especially free birth delivery and healthcare for children below five years of age.
- Encourage more participation from all stakeholders in health treatment and healthcare services.
- Develop policies on health information and guidelines on information standards.
- Develop policies on the quality of public health services.

8.15 Outcome 2, Output 5: Extended access to social protection

Directions

- Establish and improve a social insurance system and expand its coverage widely and effectively to ensure that the rights and interest of workers and the poor are protected to guarantee inclusive and sustainable development. Establish a mechanism to manage and protect child benefits; encourage workers and people in all professions to contribute to the health insurance fund; provide policies for people and those with disabilities who contributed, served and have been dedicated to the national democratic revolution. Promote public participation in helping disadvantaged people and victims of disasters in a transparent, efficient and timely manner.

Targets:

- Ensure insurance and health insurance coverage to 80 percent of the population by 2020.
- Implement a policy that provides benefits to 31,830 people who made outstanding and great contributions to the national democratic revolution.
- Establish a social fund in all 18 provinces and help improve the quality of life for deprived people, and victims of disasters and human trafficking.
- Establish networks for protecting the rights and interests of children, and prevent and combat human trafficking for 800 villages.

Priority activities to achieve output

- Disseminate regulations on social security to workers and employers in the private and public sectors so they understand the importance of health insurance.
- Disseminate policies and decrees on social welfare, including the social safety net, to victims of disasters and ensure coordination with Outcome 3, Outputs 2.
- Improve the coordination mechanism between the labor, public health and other concerned sectors to ensure social security is modernized and efficient.
- Build infrastructure for disabled officials' accommodation.
- Conduct a survey on the disabled and elderly across the country.

- Implement a project for basic healthcare provision for the disabled and elderly.
- Improve counseling services to protect at risk children and families.
- Enhance emergency assistance programs extensively to help victims of disasters with cooperation from all members of society.
- Protect and assist children, and establish responsible committees at provincial and district levels.

8.16 Outcome 2, Output 6: Protect traditions and culture

Directions:

- To protect and enhance the historical and valuable heritage of Laotian culture and traditions; enhance and promote unique ethnic cultures to promote cultural tourism. Improve and develop the variety and quality of cultural products, and actively contribute to the sustainability of national socio-economic development. Develop cultural villages and families to contribute to a peaceful, safe and civilized society.

Targets:

- Establish cultural families by 80 percent of the total number of families in the country, cultural villages by 65 percent and cultural cluster villages by 16 percent.
- Restore, preserve and promote the unique cultural heritage of both physical and non-physical items.
- Upgrade provincial cultural heritage, history and nature to national heritage status.
- Create cultural parks at national and local levels.
- Create model cultural villages for tourism purposes.

Priority activities and projects to achieve output

- Support the restoration, preservation and enhancement of the nation's unique historical and valuable cultural heritage.
- Disseminate and raise awareness of the contribution of ethnic people to the nation's cultural values in big cities and communities to establish a livelihood pattern that is in line with advanced cultures.
- Develop a master plan for managing and protecting the Plain of Jars in Xiengkhouang Province and Hin Nam No in Khammouane Province for them to be classified as a national heritage site.
- Excavate and research historical places nationwide.

Implementing policies and legal instruments

- Revise and develop legislation for managing work related to cultures and the process of registering items into national heritage.

8.17 OUTCOME 2, OUTPUT 7: Maintain political stability, social peace, order, justice and transparency

Enhance solidarity and unity

Directions:

- Enhance and increase the awareness of the ethnic population's understanding of the Party's and Government's policy directions; open and enhance democracy according to the centralization principle, strengthen political foundations by providing training on political-thinking and regulations set by the Party-Government. Enhance the creativity of students, scholars and army-police officers so they can contribute to a democratic government with peace, independence and prosperity. Enhance the historical leadership of the Party-Government to be able to apply to the current situation, science and democracy. Take

ownership in cooperating with foreign countries in accordance with the foreign affairs directions of the Party-Government.

- Strengthen national defense and public security by encouraging individuals to take initiatives to protect public security and maintain social order, creating trust and safety in people's livelihoods, in business and tourism; ensure socio-economic development is consistent and achieves high results.

Priority activities and projects to achieve output

- Disseminate policy directions, laws and regulations, and educate women, youth and the ethnic population on political thinking so they can actively contribute to the country's development.
- Improve the structure of the organization and management according to the directions 3 Builds.
- Increase coordination between central-local, local-local, government-private sector and other relevant parties.

Deterring social problems

Directions

- Suppress and fight against social threats impeding national protection and development including human trafficking which is a serious political and transnational issue. It is important to prevent and protect ethnic Lao people from human trafficking; protect people's rights and interests overall but especially victims of human trafficking to protect the political role and honor of Lao PDR; implement the Party's policies, and Government's laws and regulations to achieve concrete results.
- Increase public advocacy, dissemination of legislations, regulations, laws and Party-Government's policies especially to people in rural areas with various approaches to increase participation in the development process, and ensure strict adherence to laws and regulations to deter social problems, such as corruption, burglary, human trafficking, prostitution, and drug use in urban and rural areas.

Targets

- Increase awareness of all people in society, especially women and children, at risk from the negative impacts and effects of human trafficking.
- Legally punish perpetrators and protect victims of human trafficking.
- Improve cooperation to reduce and eradicate human trafficking across the country.
- Effectively enforce Government policies, laws and regulations.

Priority activities and projects to achieve output

- Formulate National Programs between for the periods 2016-2020, 2016-2025 and Vision 2030 to prevent and combat human trafficking.
- Implementation of national programs to prevent and combat human trafficking.
- Extend and improve mechanisms to prevent and combat human trafficking at both central and local levels.
- Cooperate with international organizations and NGOs bilaterally and multilaterally to prevent, suppress and anti-human trafficking.
- Develop and publish laws and regulations on the prevention and eradication of human trafficking.
- Raise awareness of the detrimental effects of human trafficking, in particular from a gender perspective.
- Strengthen the organizations at central and local level responsible for preventing and combating human trafficking.
- Inspect the actual situation on human trafficking and the social reaction toward victims that have returned home.
- Create and update the national database on human trafficking.

- Establish an anti-human trafficking hotline.
- Raise awareness of child sex tourism.
- Strengthen capacity for expert legal officials to identify victims and prosecute perpetrators.
- Improve coordination between sectors, concerned agencies and other parties in the justice process involved in helping and protecting victims.
- Improve coordination and information sharing between bilateral and multilateral agencies on law enforcement, prosecution and victim protection.
- Provide assistance to create safe houses and provide necessary items for living.
- Provide medical, legal, financial, educational, vocational training and job search expertise to victims of human trafficking.
- Provide economic assistance to help victims return to their families and society.
- Monitor and evaluate the implementation of national programs periodically, review and prepare national programs in the next period.

Policies and legal instruments

- National programs on prevention and anti-human trafficking.
- Decree on the organization and functioning of the National Steering Committee against Human Trafficking No.156/PM (8 September 2008).
- Order of the Prime Minister regarding increase in the prevention and solution for social drawbacks No. 27/PM (5 October 2011)
- Criminal Law revised in 2005, Article 134
- Law on Development and Protection of Women in 2004
- Law on Protection of the Rights and Interests of Children in 2006.

8.18 Outcome 3, Output 1: Environmental protection and sustainable natural resources management

Directions:

- To ensure continued quality, green and sustainable economic growth, development and natural resource management (land, forests, biodiversity, mineral resources, water and wetland) shall be planned in a practical, sustainable, fair and most effective manner. This is key to achieving sustainable urban and rural development with sustainable natural resources, and a green, clean, beautiful environment which will contribute to the people's well-being and health, and safeguard from pollution. Public awareness and understanding of the economic and social benefits especially from involving in the effective management of nature resources and environmental protection also needs to be increased.

Targets:

- Strive to complete the development of the national master plan on land use and complete the comprehensive land allocation in 18 provinces, 92 districts and 3,455 villages across the country, 500 villages of which are in the rural areas.
- Strive to produce village plans of land allocation for 50 percent of the remaining villages in rural areas across the country.
- Issue 500,000 land titles in the provincial municipal districts within in five years and register 1.4 million of land plots.
- Achieve 70 percent forest coverage of the total country by 2020, or complete the forest classification, identification and reforestation to achieve forest cover 70% of total country area by restoring natural forests in 1.5 million hectares and planting trees in 35,000 hectares of protected and conservation forests.

- Develop forest management, protection and restoration plans for seven protected areas (Nam Ha, Laving - Lavern, Nam Att- Phu Leuy, Nakai - Namtheun, Hin Nam No, Dong Am Pam, Dong Hua Sao).
- Conduct land surveys and allocation; establish mechanisms and databases on mineral resources to determine the domestic and export potential of raw materials; estimate extent of mineral deposits to determine the direction on the use of minerals in most effective manner by planning and designating conservation areas aiming at protecting minerals in 27,950.82 square kilometers in 12 conservation areas throughout the country.
- Manage water resources based on integrated water resources management principles in ten priority river basins for development (Nam Ou, Nam Nguem, Sebangfai, Se Bang Hieng, Nam Ngiep, Nam Theun – Nam Kading, Sedon, Nam Sam, Nam Ma, Sekong and other small basins where appropriate).
- Complete scoping research on hydrological, physical and chemical properties, classification of water types, the use of surface water, underground water, reservoirs and river mapping to ensure inclusive and sustainable water allocation in order to protect the ecosystem.
- Pilot the establishment of two model national natural parks (Nam Att - Phou Leuy and Nakai - Nam Theun).
- Establish mechanisms to manage and monitor the national environmental quality by setting up one national level and three regional level water research laboratories; establish three regional stations to monitor air quality.
- Complete a concept note and mechanisms for establishment of green and clean cities, and pilot it in the cities of provincial municipalities and in important districts along Route No.13 and the Mekong.
- Develop green and sustainable rural areas by building management systems, reducing waste and toxic chemicals, and installing integrated wastewater treatment systems in provincial municipalities and the capital.
- Increase the proportion of private land users with informed consent of the people.
- Complete land mapping to assess land prices in 100 districts nationwide.

Priority Activities and Projects to Achieve Output

- Develop a plan for sustainable use of natural resources and manage the use of these resources including land, forest, minerals and water.
- Develop plans for urban and rural development to preserve the environment and identify areas for new towns including residences, public recreation areas, historical area and cultural heritage areas.
- Comprehensively manage water resources, meteorology and hydrology.
- Increase the quantity and quality of environmental research, experiments and technical staff.
- Establish mechanisms for sustainable financing and funding to manage natural resources and protect the environment. These include measures for natural resource taxes and fines against abusers; royalties from the energy agriculture and mining sectors; private investment participation in developing rural areas; improving the quality of the environment; promoting eco and cultural tourism; improving rural livelihoods to ensure job security and reduce urban migration and congestion.
- Implement agreements, international treaties to which Laos PDR is party in an effective and timely manner according to international and regional cooperation frameworks.
- Participate in the negotiations on cooperation agreements on the management and forest law, law on trade between Laos PDR and the European Union.
- Develop and improve the land database (records, leases, concessions, and registration) in 18 provinces across the country to create revenue from land.
- Complete the survey, allocation and identification of national forest areas and classify them according to three standard forest types.
- Strengthen the process of assessing the environmental and social impacts of natural resource exploitation projects.

- Improve information systems on environmental costs and incentives to the businesses and individuals to pursue green economy policies.
- Develop a financial management manual to attract public and private investment in green growth activities.
- Establish mechanisms to manage and use forest resources efficiently and sustainably.
- Update the list of biodiversity and rare species in Lao PDR.
- Establish financial mechanisms and regulations, and a study database for managing and reducing greenhouse gas (GHG) emissions arising from deforestation and forest degradation to ensure that revenue from the forestry sector are used to restore and manage forests.
- Assess primary forest areas and conservation forests that are highly valued in the country.

Implementing policies and legal instruments

- Policies on water resources protection and management, food security, energy security and policies on the development of clean and safe city shall be harmonized and closely linked.
- A policy to increase forest cover will be implemented.
- Apply a policy promoting linkage between land use and land protection to ensure people's rights by law on land use for livelihood, housing and production; harmonizing land allocation, land capitalization and use as a source of wealthy for the people and the nation; ensure public centralized authority and ownership; combat and minimize any actions that abuse and misuse the law on bribery.
- Develop a National Land Policy, improved Land Law and master plan for managing, protecting, developing and using land and natural resources at local, regional and national levels.
- Apply policy on development of a finance mechanism that ensures all rural areas enjoy the benefits from economic growth to reduce social exclusion and environmental impacts as a result of forest invasion and non-timber forest exploitation. Collection of natural resource fees shall be reviewed to ensure the benefits from this source of revenue contribute to basic infrastructure development and cultural-social and environment protection.
- Attract and mobilize more investments from both domestic and foreign investors to build a green economy toward the sustainable direction.
- Apply a policy on strengthening capacity for the natural resource and biodiversity sectors to create a balance between natural resource protection and exploitation, such as ecosystem services, land, water and forest reconstruction.
- Implement the rule of law by controlling illegal wildlife trade, and illegal logging and timber trade, including legal action to assess environmental and social impacts, especially in the area of transport, energy and mining.
- Apply a policy to reduce environment degradation and ensure long-term environmental benefits.
- Issue legislation and regulations to develop the National Natural Park and promote eco-tourism facilities in forest and biodiverse rich areas.
- Inspect and monitor implementation of relevant regulations and ensure their wide dissemination.
- Enhance the effectiveness of law and regulation enforcement on logging.
- Monitor and evaluate performance of mega projects using domestic and foreign investments in the area of land concession in order to identify methods and measures to resolve the problems in a timely manner.
- Vision 2030 and the Natural Resources and Environment Strategy 2025 include agreements on the Mekong River, and concerned regional and international treaties. Other related regulations should be implemented to achieve these goals, including the certificate of conformity template according to the environment policy, environmental and social regulations and standards in the area of hydropower concession projects.

8.19 Outcome 3, Output 2: Preparedness for natural disasters and risk mitigation

Direction:

- Ensure public involvement to minimize GHG emissions, increase and enhance the ability to adapt and prepare for climate change by integrating climate change and risks mitigation into strategic and operational plans of the sectors concerned.

Targets

- Establish and improve the station networks and warning systems of the six priority river basins in the central and southern region (Attapeu, Sekong, Saravan, Champasak, Savannakhet and Khammouane).
- Establish and improve forecast stations for all international and domestic airports in the country.
- Establish a management and prevention plan against natural disasters (systems for early warning, response, assistance, emergency evacuation, and assets and recovery systems) that is efficient and effective across the country.
- Establish a system to prevent and manage the safety of people across the country against disasters in a timely manner.
- Improve two earthquake warning stations and establish five new stations in the northern region.
- Establish mechanisms and strengthen capacity for climate change adaptation; reduce the impact of disasters; provide comprehensive emergency response assistance to natural disasters; reduce GHG emissions resulting from changes in land use and forestry, agriculture sector, energy sector, industrial and environment sector; and integrate work on climate change adaptation into priority sectors (health, agriculture, forestry, water and public health).
- Establish a national fund for prevention and a national fund for climate change research as key financial mechanisms in response to climate change impacts and to conduct a study in vulnerable areas to disasters (sensitive areas to the climate change) and promote research and innovation in the sector.
- Complete medium and long-term National Adaptation Plans on Climate Change (NAP) and provincial plans in three provinces and 15 districts.
- Mainstream adaptation to climate change adaptation in at least three sectors: water resources, agriculture and public health.
- Publish the Third National Communications on Climate Change (TNC) and develop the GHG Emission Reduction Plan for specific sectors (land use and forestry, agriculture, energy, industry and waste management).
- Establish guidelines to incorporate relevant processes on projects for reducing GHG in light of NAMA, JCM, REDD+.
- Prepare Lao PDR to access funds on international climate change.
- Produce a disaster risk reduction plan for eight provinces, 45 cities and 160 villages, as well as one national and at least two local level readiness and response plans.
- Establish and develop a National Emergency Coordination and Command Center and ICT System for statistical data on disasters and climate change.

Priority activities and projects to achieve output

- Enhance capacity to adapt and alleviate the impact of climate change by conducting a study in areas vulnerable to climate change and high risk areas.
- Enhance and develop REDD+ projects to reduce GHG emissions.
- Establish a committee to prevent and control disasters and climate change at both the central and local levels.
- Establish a system to systematically and comprehensively manage, monitor and evaluate the impact water, air and sound pollution.

- Establish mechanisms for managing, grouping and reducing the amount of waste by promoting four approaches (reduce, re-use, recycle and rehabilitation).
- Establish mechanisms for managing toxic chemicals and hazardous waste and waste water treatment systems in cities and provincial municipalities and the capital.
- Establish a comprehensive warning system (testing equipment, tools, vehicles and personnel with knowledge and skills to respond to an emergency in a timely manner).
- Establish sustainable financial mechanisms to manage natural resources and protect the environment as tools for determining sustainable sources of funding and capital.
- Establish management mechanisms and information sharing network systems to ensure regional and international integration in accordance with national commitments by implementing international agreements and conventions effectively within the given timeframe.
- Strengthen disaster management.
- Establish guidelines for incorporating climate change, risk mitigation and GHG reduction in the strategy and action plan of the priority sectors to develop capacity these issues.
- Create a map of vulnerable areas and develop medium- and long-term NAP and develop provincial and sectoral plans.
- Develop the Third National Communications on Climate Change (TNC) and develop plans to reduce GHG emission in relevant sectors (land use and forestry, agriculture, energy, industry and waste management).
- Create favorable conditions for Lao PDR to access the international fund on the climate change.
- Improve the Committee for Prevention and Disaster Management at each level, and develop risk reduction and readiness and response plans to disasters at national and local levels.
- Establish the national emergency coordination and command center, as well as providing ICT equipment for reporting and communicating data and solving disaster-related problems on a timely basis.

Implementing policies and legal instruments

- Introduce a policy to establish sustainable finance mechanisms to ensure the growth benefits are extended to all rural areas to reduce social exclusion and environmental impact.
- Implement a policy on GHG emissions reduction which ensures effective planning for climate change adaptation and disaster risk mitigation.
- Improve and develop legislation and related regulations on the use and management of natural resources to increase understanding in communities in high risk areas.
- Develop strategies and a national program for risk mitigation (2015-2020) and develop a long-term NAP.
- Implement a policy on research and prevention of natural disasters (early warning systems, response action and emergency assistance and recovery systems) in an efficient and effective manner across the country.
- Implement policy in response to disaster, such as protecting wetlands and forests in slope areas, to reduce risk to communities and damages caused by unpredictable disasters.
- Develop a law on disasters and climate change; a decree on funds to prevent and manage the disasters; national guidelines to incorporate work on disaster risk mitigation and NAP into the national socio-economic development plan, strategy, programs and sectoral plans, especially in the agriculture, forestry, water and public health sectors.
- Establish guidelines for projects to reduce GHG in light of NAMA, JCM, REDD+.

8.20 OUTCOME 3, OUTPUT 3: Reducing the instability of agricultural production

Direction:

- To encourage sustainable development and stable and continued economic growth, reducing agriculture production instability is essential for fostering economic growth and promoting stable jobs for farmers. Preparing for and anticipating environmental conditions and climate change are also major considerations for agriculture. Moreover, it is also important to ensure stable supplies, markets and prices for agricultural products.

Targets

- Water level changing rate
- Average changes in temperature
- Identify areas that are vulnerable to disasters.
- Establish and improve hydrologic station areas of focus to produce farm country
- Reduce the instability of agricultural production or reduce standard errors which impede an increase in agricultural production.
- Increase or decrease areas of the forest.

Priority activities and projects to achieve output

- Update and incorporate disaster management, prevention and control plans into agriculture development programs at each level and period of crisis.
- Update the action plan to reduce risk from disasters in the agricultural sector.
- Strengthen the ability to respond to disasters, including resolution and recovery, at all levels in a timely manner.
- Create guidelines for integrating work on climate change, disaster risk reduction and mitigation of GHG effects, and include in the strategic and operational plans of the agriculture, forest and public works, and transport sectors.
- Conduct research and data collection to map areas at potential risk from disasters, including floods, drought, disease breakouts in animals and plants, and landslides.
- Provide education, research, and development in the shift to use seed and crop plantations that are resilient to climate change.
- Establish and/or reinforce the national Strategic Grain Reserve.
- Develop plans to reduce GHGs and collect data on GHG emission rates (areas of land use, forestry, agricultural, energy, industrial and waste management).

Implementing policy and legal instruments

- Response policy and strategy on disaster and natural disaster emergency at the provincial and the district levels.
- Policies to promote implementation of pilot projects on climate change in the agriculture and forestry sectors with local community participation.

8.21 Priority cross-cutting outputs:

8.21.1 Promote local innovation and use of science, technology and telecommunications and management and application of ICTs

Promote local innovation along with management and utilization of science

Directions

- Develop science and technology as a key driving force for rapid and stable economic growth; strengthen science, technology and innovation for the industrialization and modernization; and promote the innovative economy.
- Develop knowledgeable and competent human resources in the science and technology sector that contribute intellectually to national development.
- Apply science and technology as a tool for effective environmental protection and sustainable development; prepare and respond to natural disasters effectively.

Targets

- Increase investment in research and development from one to two percent of public investment by 2020.
- Promote private investment in research and development to cover at least 30 percent of public investment by 2020.
- Establish and begin construction of a science and technology zone by 2018.
- Improve and upgrade research institutes under the Ministry of Science and Technology so at least one institute is comparable with international standards by 2020.
- Establish science promotion and technology transfer centers that match with the local development potential of four centers throughout the country by 2020.
- Establish a national science and technology data center by 2020.
- Train 11 researchers per 10,000 of the population by 2020.
- Support the development of researchers at universities across the country by allocating a budget to promote research work of at least 50 projects by 2020.
- Create a science magazine, promote research work and publish findings in the science magazine and international magazines by 2020.
- Establish and begin construction of a training center for officials on science and technology management by 2016.
- Allocate budget for research projects related to promoting sustainable development which covers 25 percent of the annual research budget.
- Establish a laboratory to develop technology for forecasting and early warning of climate change by 2020.

Priority activities and projects

- Collect statistical data and information on the science and technology sector to be a basis for policy research and long-term sector development.
- Establish centers for exchanging information, knowledge and best practices on science, technology and innovation.
- Promote the use of technology and innovation to develop potential sectors of small and medium manufacturing businesses.
- Research and adopt international technology commensurate with national conditions to raise production efficiency and enhance competitiveness.
- Build a center for technology transfer in order to promote the use of appropriate technologies in production and services in Laos PDR.
- Set up policies and procedures to reduce barriers and create a favorable environment for innovation and entrepreneurship development.
- Establish a policy, legislation and proper mechanisms for a national innovation system through the Innovation Fund, and protect intellectual property rights to promote innovation, entrepreneurial development and manufacturing for socio-economic development.
- Promote and enhance cooperation effectiveness by focusing on the application of international science, technology and innovation which match conditions in Lao PDR.
- Collaborate with international organizations in research and development focusing on areas with high demand.
- Promote joint activities between government, academic institutions and the private sector to increase the development of science, technology and innovation.
- Build a National Museum of Science and promote science awareness through science caravans, a mobile science library, science competitions etc. to promote an innovative economy.
- Increase awareness of science, technology, engineering and mathematics education (STEM Education).
- Develop a magazine to promote scientific research, and publish and disseminate research results and development.
- Promote talented secondary school level students to create a new generation of scientists.

- Recognize, reward and praise outstanding researchers and scientists to encourage their development.
- Develop learning courses for management officials in science and technology.
- Develop a science, technology and innovation strategy as a key element for sustainable development.
- Promote high impact research and development to achieve the SDGs.
- Promote environmentally friendly technology and the efficient use of natural resources to pursue green growth and sustainable development.
- Research and apply modern technology for an early warning system and in response to natural disasters.
- Promote private investment in technology development and innovation for sustainable development.
- Establish modern technology laboratories to forecast and warn of the climate change situation.

Implementing policies and legal instruments

- Set up policies, plans and programs to promote the development of science and technology, in particular policies which promote: national innovations, research and development, and related regulations; the development of clean technologies; intellectual property; a national development strategy for science, technology and innovation; a bio technology management strategy ; a plan of action industrialize and modernize the field of science and technology a plan of action on the management and application of chemical, biological, radioactive elements and nuclear etc.
- Develop legislations on the management and promotion of science and technology development such as laws on radiation and nuclear safety, and technology transfer, as well as decrees on advanced technology, the National Week of Science, the innovation fund, a national organization for radiation and nuclear safety, the National Science and Technology Academy, scientist protection, and management of dangerous chemicals and others.

Management and application of ICT

Directions

- Promote the development of basic infrastructure for telecommunications and electronic information; provide high speed and quality services to support modernization of the service sector; facilitate e-trading; strengthen socio-economic development; and upgrade telecommunications as a central support for ICT integration to international standards.
- Develop quality, modern, accurate and up to date media outlets in Lao PDR to ensure information safety and security; promote media as a voice of the party and Government; integrate into regional and international media; improve and develop up to date, strict and comprehensive media protection laws.

Targets

- Establish automatic post boxes in post offices in all districts and provinces by 2020.
- Construct an internet backup center in the northern and central regions by 2018.
- Establish two radio frequency management centers and promote the use of a Lao PDR satellite instead of one overseas.
- Establish a national data center as a place for consolidated electronic data of public and private sectors by 2018.
- Create an intra network and long distance meeting system to link 50 percent of government offices, districts and villages.
- Strengthen e-governance at the central level to provide comprehensive services and extend e-governance service coverage in the provinces to 50 percent.
- Gradually develop e-management and services for half of the government offices.

- Complete installation of the management and services system on the national internet service code .LA before 2016.
- Establish learning centers on the application of technology, communication and information at least two centers at village group level, and two centers at district level by 2020, by focusing the target areas under the 3 Build directives to be training centers for the government and the general people on the ICT.
- Increase the computer literacy rate to 30 percent and internet literacy rate to 40 percent of the population; the ratio of household with computer literacy to 20 percent of all households; the proportion of registered landline and wireless home phone users to 15 percent; the ratio of registered mobile phone user to 100 percent; and the percentage of registered landline and wireless internet users to 20 percent of the total population by 2020.
- Expand the fiber optic transmission network, both aerial and underground, by 10,000 km to reach the Vientiane Capital and municipal districts of each province across the country as part of the infrastructure system to support e-governance.
- Extend quality, efficient and low cost 3G and 4G transceiver stations to cover all areas nationwide.
- Promote the post and telecommunication sector to contribute its revenue generated in the GDP growth to that target at 8 percent by 2020.

Priority activities and projects

- Review, develop and improve laws, decrees, agreements and regulations related to management of ICT application and services so they are consistent with international agreements and have adequate capacity to facilitate AEC participation.
- Establish the National Information Center and Backup with adequate capacity to efficiently meet domestic demand.
- Establish the ICT development fund and regulate fund expenditure as indicated in the law of telecommunications.
- Construct two National Internet Backup Centers in the northern and central regions.
- Ensure 100 percent internet coverage across the country.
- Expand telephone centers to ensure 100 percent local connection.
- Prepare for ASEAN integration in the area of telecommunication to support the installation of connections device within and outside the country.
- Establish a cyber-crime monitoring system to ensure that the internet system in Lao PDR is secure and enable links with international warnings.
- Construct a center to monitor frequencies in the provinces where necessary.
- Manage radio frequencies and maintain operational communications equipment which can be monitored to reduce impacts on society.
- Continue implementing the e-government project and satellite project to ensure it is completed as planned.
- Develop and expand media infrastructure and manage media products, and improve IT as a central service.

Implementing policies and legal instruments

- Apply a policy that promotes and attracts both domestic and foreign private investment in the telecommunication sector.
- Develop and improve telecommunications and internet-related legislation to fit with regional and international integration conditions.
- Set up the national policy on broadband services to determine an expansion plan and the ability to ensure access to broadband services of people across the country.
- Create policies to promote the development and application of open source software.

8.21.2 Promote and Develop Gender Equality, Juvenile and Youth

Promote gender equality, development for women, and advancement for women, mothers and children

Directions

- Encourage women to access education to improve their professional/vocational/labor skills and ensure access to public health services, and increase their political awareness to enable them to contribute to socio-economic development, and conservation and inheritance of the national culture; strengthen the Lao Women's Union (LWU) at each level to be representative and protect women and children's rights and interests; ensure equal rights and development between men and women in the areas of politics, economics, socio-cultural and family; reduce discrimination and violence against women and children.

Targets

- Ensure the proportion of women leadership and decision-making level positions in the party, Government and mass organizations is 20 percent or above.
- Increase the number of female members of the VIIIth National Assembly by 30 percent.
- Increase the number of women in leadership positions in the Party-Government organizations and mass organizations by at least 30 percent.
- Implement 50 percent of recommendations of the Committee on the Elimination of Discrimination against Women (CEDAW).
- Implement 70 percent of the national action plan for prevention and elimination of violence against women and children by 2020.
- Fertility rate of young women between 15-19 years reduced to 90 percent.
- Increase the proportion of villages that apply gender equality policy and are violence free at the household level, particularly violence against women and children, to 80 percent
- Increase the number of female farmers who receive vocational and technical trainings and training on new technologies to 45 percent of all trainees.
- Achieve gender equality in services such as education, health and social welfare, with at least 40 percent of the total number of service providers being women.
- Ensure gender equality in opportunities for business for their livelihood including land, capital, technical upgrading on new technology and infrastructure (electricity, roads and markets).
- Reduce discrimination and violence against women.
- Ensure women participation in decision making at family and community.
- Increase the proportion of women who receive political training to 80 percent.
- Increase the proportion of LWU members who are educated in political theory, constitutions, laws, treaties, international agreements relating to the development and protection of women, gender equality, and national traditions and culture to 80 percent;
- Increase LWU membership to 70 percent of women of 15 years old and older.
- Establish LWU committee in 20 percent of the total business units – private sector.
- Promote women to management level positions .at village (10 percent), district (15 percent), provincial (15-20 percent) and central Government department (30 percent) levels.
- In sectors where women account for more than half, promote women position to account for 40 percent or more in the leadership - management level;
- Increase the proportion of female students graduating from secondary school to 85 percent.
- Encourage poor women to access health services to reduce maternal and child mortality rates.
- Increase the proportion of poor women with vocational education, skills and stable employment to generate income.
- Establish LWU Fund in 25 percent of total LWUs at each level to improve the livelihood of women and families.
- 90 percent of LWU establishments to conduct activities related to patriotism and development.
- Reduce early marriage in women.

Priority activities and projects

- Implement a project on gender equality and transferring economic ownership of women with the aim to eliminate all forms of discrimination against women, especially violence against women.
- Establish vocational training centers to develop and strengthen women's skills at central and local levels, with the aim to promote gender equality and eliminate all forms of discrimination against women.
- Campaign to raise awareness of and encourage society to join activities which conserve the national culture and women.
- Strengthen the capacity of officials who implement the system to prevent and address issues on violence against women by focusing on the 3 Build districts and villages.
- Establish a project to create developed families, villages and districts associated with gender equality, and promote non-violence in families especially against women and children.
- Implement a project to review implementing policies and legal instruments: building database and studying, researching and strengthening.
- Monitor, inspect, support and assess implementation of the 8th Five-Year National Strategic Plan for the Advancement of Women (2016-2020) and Action Plan on Prevention and Elimination of Violence against Women and Children in Lao PDR (2014-2020).
- Provide counseling services for women and children who encounter problems.
- Mainstream gender issues in the work of all sectors.
- Empower women in politics, economics and socio-culture;
- Establish a LWU Fund.
- Expand cooperation with women's organizations in other countries, the ASEAN Committee on Women and other related organizations.
- Monitor and evaluate the implementation of the Lao Women Development Strategy and Plan.
- Translate the goals of Beijing+20 and CEDAW into the National Women Development Plan.

Implementing policies and legal instruments

- Deepen understanding of policy directions and the order of the Party and Government.
- Strengthen the organization and human resources of the National Commission for Advancement of Women (NCAW) at all levels to improve the coordination mechanism (in particular in the Secretariat responsible for implementing work plans, coordination, monitoring, assessment and summarizing reports systematically and continuously).
- Increase advocacy and raising awareness across society.
- Focus on monitoring and supporting implementation, and collecting information on the situation and requirements at the local level.
- Continue to use technical and financial assistance from alliance countries, development partners, financial institutions, international organizations, and national and international social organizations.
- Develop and/or strengthen legislation and policies and ensure the participation and contribution from all people, including women and children, in the development process and implementation and monitoring of legislation and policies related to women and children.
- Implement a policy on women's development, protection of women's rights and interests, women's advancement and gender equality.
- Law of Lao Women's Union.
- Law of Women Development and Protection.
- 10-year Women's Development Strategy (2016-2025).
- Five-year Lao PDR Women's Development Plan (2016-2020).

Mother and child

Direction

- Reduce discrimination and violence against children by protecting and assisting children to ensure their survival, development and participation, and promote and provide opportunities for girls to further participate in the development process.

Targets

- Ensure the rights to children to access public services, such as education, public health, social welfare in 40 percent of service providers.
- Ensure comprehensive child development to build a new generation that can provide strong support to the nation.
- Reduce discrimination and violence against children dramatically.
- Protect and help children to ensure their survival, development and social participation.

Priority activities and projects

- Train trainers to strengthen the Commission for Mother and Child at province, district and village level in order to pursue the 3 Build directive on child protection to ensure their survival, development and social participation.
- Conduct a public campaign and related activities to raise awareness of violence against women and children.
- Build capacity to apply a disciplinary system to prevent and solve problems of violence against women and children in the 3 Build targeted villages and districts.
- Monitor and evaluate implementation of the National Women and Children Strategy (2016-2020), and national progress on prevention and elimination of violence against women and children in Lao PDR (2014-2020).
- Develop a report on the national action toward the Convention on the Rights of Children and other relevant treaties.
- Develop local children through cultural and customs exchange program.

Implementing policies and legal instruments

- Strengthen organizational and personnel management in the Commission for Mothers and Children at all levels to improve coordination, especially in the Secretariat offices to improve planning, coordination, monitoring and evaluation, and reporting processes so they become more systematic and regular.

Juvenile and youth development

Directions

- Empower ethnic youths and juveniles to be the nation's future by educating them to have strong political understanding; protect and enhance the nation's historical culture; show solidarity; exercise their rights and fulfill obligations to protect the nation, public security, socio-economic development and the environment; develop technical and vocational skills, and an interest in science, new and modern technology, and foreign languages; take care of their physical and mental health; and be socially aware and responsible.

Targets

- Ensure all Lao PDR youth in the armed forces and government officials are educated on political thinking.
- Produce the Lao Youth members, juveniles and general young students by 80 percent
- Produce members of Lao People's Revolutionary Youth Union, juvenile and other youth at grassroots level by 60 percent.
- Improve and expand the Lao People's Revolutionary Youth Union, establish and strengthen the unions and associations to be able to lead, educate and consolidate youths, juveniles and Lao youth of ethnicities to be a strong force being along the side of the Party in which;
 - Central level to district level 50 percent
 - Grassroots level 30 percent
 - Juvenile and posterity by 85 percent of the existing organizations.
- Expand Lao People's Revolutionary Youth Union members, juvenile and posterity members by 80 percent of the existing members by 2020.

- Improve Lao People's Revolutionary Youth Union members in government officials to be quality officials to reach 30 percent.
- Disseminate laws and regulations to members of the Lao People's Revolutionary Youth Union with regards to clean livelihood and good reproductive health to prevent and reduce cases of HIV, malaria, drug addiction and other contagious diseases by 50 percent among members.
- Advocate and encourage members of the Lao People's Revolutionary Youth Union and other youth to attend upper secondary school and/or equivalent or technical training (at least 50 percent by 2020).
- Each year, Lao People's Revolutionary Youth Union members of the appropriate age are obligated to undergo army and public security training, and military service, and serve in the obligatory army and those who don't serve in the army must be educated on laws on obligatory army by 50% of youth who have sufficient conditions to serve obligatory army.

Priority activities and projects

- Expand membership of the Lao People's Revolutionary Youth Union and associations by encouraging other youth to become members.
- Establish volunteer units at ministry, provincial, district, institution, college and village levels.
- Promote technical education to youth in urban and rural areas, especially disadvantaged youth in rural remote areas, women, ethnic groups and people with disabilities.
- Support job creation, and protect rights and benefits of youths in urban and rural areas.
- Focus on addressing poverty among youths, especially young women.
- Pay attention to youth health care without discriminations on gender, education level, ethnicity, marital status etc. Create and provide information and health services that are friendly to young people, for example, establish information and health centers to disseminate information on contagious diseases such as HIV/AIDS, basic healthcare services, youth sex and reproductive healthcare. Reduce early marriage and pregnancy in young girls by promoting the access to information and reproductive health services, and providing educational opportunities.
- Inform youths on the importance of nutrition.
- Educate youths to protect the environment by using modern technology.
- Educate, advocate and communicate information to youths to deter social problems.
- Deter and address socio-economic impacts on youth from regional and international socio-economic integration.
- Increase educational and skill development opportunities for youth, especially girls to increase their competitiveness in regional and international integration.
- Develop social services and ensure young people have access to such services.
- Promote the project on skills and capacity development for juvenile and youth, including community and families to ensure sustainable development and poverty reduction.

Implementing policies and legal instruments

- Determine policies to promote talented local youths to participate in the process of development.
- Increase implementation of the strategy for youth development in association with the socio-economic development plan, the strategy on developing each region and youth and juveniles' requirements.
- Members of the Lao People's Revolutionary Youth Union must promote independence, ownership, self-reliance and self-strengthening, and actively contribute to development at the grassroots level and implementation should be associated with supporting competitive slogans set by Lao People's Revolutionary Youth Union to make it widespread at grassroots level with focus, with pilot area and must have clear success with effectiveness.
- Improve and strengthen the organization of the Lao People's Revolutionary Youth Union and Posterity Association at each level, adhere to six principles of change of the Party leading to

Lao People's Revolutionary Youth Union strong in quantity and quality, be central leader for youth and juveniles.

- Construct and improve basic technical infrastructure and develop basic information systems nationwide.
- Central Lao People's Revolutionary Youth Union is responsible for technical leading in the development of youth-juveniles and leading in coordination and collaboration with relevant sectors, enhance the role of cooperation with the Lao Front for National Construction, mass organizations, social organizations, local authorities, families and mass media to participate in the dissemination and implementation of the strategic development of youth-juvenile plan.
- Develop and/or strengthen legislation and policies to protect the rights and interests of juveniles and youth by ensuring their participation in the development process, and the implementation and monitoring of legislation and policies.

8.21.3 Enhance effectiveness for the public governance and administration

Improve the structure of public management and administration

Directions

- Continued steps need to be taken to improve the organization and management of government administration so that it is concise and efficient. The 3 Builds Policy also needs to be continually implemented to enhance government policy which is intended to lift the country out of LDC status by 2020. Local authorities are developed holistically (political, economic, social-culture and national defense and public security areas) based on the capacity and potential of each local area for strong and sustainable development of the country.

Targets

- Organizations responsible for the public administration are maintained in proper number that can ensure the government's policies are implemented thoroughly
- Each level organization is functioning; central authorities are upgraded for better management and coordination between central and local level organizations is improved.
- Organizations concerned at the local level are able to implementation the policies and programs of government into actual activities and capable to provide adequate services to the people with convenient access and in timely manner.

Priority activities and projects

- Continue to improve the organization of government administration to be concise and in line with the current situation.
- Continue to implement the 3 Builds pilot districts and expand to other potential districts. At the same time, also look at model development villages for rolling out to other villages such as in production, production group, village development fund and other funds.
- Improve the leadership capacity of ministries, organizations, provinces, and district and village authorities to expand the implementation of policies to local levels.

Implementing policies and legal instruments

- Develop strategy for public administration structure improvement and development
- Develop and improve regulations on standardize each level administration structure
- Issue regulations and guidelines on procedures and methods for staff allocation and promotion

Revise, develop and implement legislation *(This section is in the process of updating in consistency with the Lao Version*

- There are appropriate policies to promote and strengthen business units by providing consultation and assist in the production and export quality and variety of products, improve

labor skills and knowledge for business units. In addition, policies to facilitate business units in carrying out their business and communicating with their business partner countries such as reducing steps and documents for setting up and running business. Revise laws and regulations related to business running to reduce the cost for business capital and promote production.

Public personnel and population management

Directions

- Improve technical and management work with clear and comprehensive tasks division and work positions; increase the role of line ministries and central government agencies in macro management; create a supporting mechanism that is simple, logical and effective; promote the provinces to become strategic units, districts to become comprehensively strong, and villages to become development units; improve staff administration and management systems to be more comprehensive and stronger, in particular ensure staff have the right qualifications for their position to ensure effective public governance and social management; focus on ensuring that government officials have the sufficient knowledge and capacity in all fields of work compared to other ASEAN country members to maximize the benefits from ASEAN and WTO membership.
- Develop and improve training curriculum as necessary to inform and educate government officials on a regular and continuous basis, especially in the area of international relations, negotiation, and language skills (English), as well as political concepts, revolutionary morals, ethics and other fields of studies, as required by their official position and role.
- Create a standard registration system with accurate, comprehensive and updated statistical data for issuing certificates of birth, death (including reason of death) and other important events as inputs for policy development on public health, education, justice, property rights, formal employment, residence and others which will ensure that the citizen receive all these services; publish such statistical data.

Targets

- Personnel management system is improved according to the civil service management strategy 2011.
- Personnel management framework is established to ensure high accountability.
- Policies and legislations on the civil servant are improved/developed to serve and improve the work performance through increased accountability.
- Modern civil servant system management is used in the country to ensure effectiveness and efficiency by increasing transparency and verifiability in the work performance.
- Civil servants are developed and trained to upgrade knowledge and skills in order to meet the goals and targets set in the civil service management strategy 2011.

Priority activities and projects (*This section is in process of updating in consistency with the Lao Version*)

- Promote and increase opportunities for all government officials, including female, ethnic and underprivileged staff, to grow their capacity.
- Promote good and healthy environment in the government workplace.
- Apply more modern information technology in government staff management.
- Improve the staff evaluation manual and assess staff achievements against their responsibilities.
- Improve institutional capacity within the CRVS system enables establishment, maintenance and monitoring of CRVS system.
- Create coordination mechanisms among line-ministries and among national, provincial, district and village government levels to create a single comprehensive multi-sectoral CRVS strategy and system.

- Improve the quality and accuracy of civil registration data, and the accuracy of information held in civil records.
- Improve and clarify policies and laws on the role and responsibilities of authorities in charge of CRVS.
- Raise public awareness of the importance of CRVS.
- Create a database system on CRVS that is standardized from central to local levels.

Implementing policies and legal instruments

- Improve policies on financial compensation for government staff that is in line with actual cost of living and staff living conditions as well as socio-economic performance in each period.
- Implement a policy for staff promotion and remuneration increases which corresponds with staff capacity and performance.
- Implement gender equality promotion strategy in the government apply regulations and policies related to women's empowerment and provide employment opportunities for women, ethnic groups and the underprivileged with line sectors at both central and local levels.
- Promote international cooperation to ensure that the Asia and Pacific Region Action Plan on Civil Registration and Vital Statistics is implemented at the national level.
- Establish consistent mechanisms and measures to combat corruption.

Justice

Directions:

- Strengthen legal institutions, including personnel, and ensure comprehensive development of a legal system which is more systematic, uniform, harmonious, transparent, reliable and accessible for all with transparency, quality and justice; enhance public governance and socio-economic management extensively in the effective management of the population, including people who are disadvantaged and vulnerable to ensure that their rights are protected under the law.

Targets

- Improved structures and institutions related to the justice system and better coordination between central and local government.
- Policies and legislation are in place as a reference for institutions established to ensure of justice and social order.
- Civil servant in the area of justice has been developed and upgraded in various dimensions to ensure effective and efficient work performance as contribution to the enhancement on transparency and accountability.

Priority activities and projects

- To improve structures and institutions related to the justice system, special attention is required to improve the court judicial system and ensure that court judgments at both central and local level
- Develop policy in the area of justice in pursuant to the rule of law master plan of the Lao PDR.
- Enhanced role in the justice activities of prosecutors to ensure better accountability
- Strictly implement the laws and improve investigation units - to be more effective, fast and transparent.
- Enhanced role of the court council and notary office to ensure the better performance in line with the government direction.
- Improve legislation in areas of Justice base on the Constitution and international treaties that Laos party with, such as the creation and maintenance of the civil law system, criminal law and economic law; Legislation on education, health, socio-culture, tourism and science and

technology; improve legal system to protect the citizens and fully exercise their right, freedom and democracy; create feedback mechanism toward any action or individuals that misuse the laws; increase public awareness including ethnic groups regardless of gender and ages to increase respect and obey to the laws, regulations that will contribute in higher effectiveness of the laws.

- Develop the court system to ensure that judgment of each level is in line with their role and responsibilities aiming at fast, comprehensive, sufficient and practical resolution of the conflicts/disputes.
- Develop and enhance the skills of concerned officials by raising awareness and ethics for better protection of the people's interests and create the trust in society.
- Organize, monitor and evaluate the implementation of laws in each period such as corruption law, budget law, investment law and others.

Implementing policies and legal instruments

- Develop and improve procedures and technical standards in making laws and legislations.
- Create mechanisms to review and assess the implementation of laws periodically to ensure their timely revision and improvement.
- Improve regulations on the recruitment of court staff and appointment of judges to ensure their independence and compliance with the laws.

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PART III
8th NSED
IMPLEMENTATION

PART III: 8th NSEDP IMPLEMENTATION

9 IMPLEMENTATION MEASURES FOR 8th NSEDP

9.1 Macro-economic Framework:

- Continued economic growth (averaging not less than 7.5% per annum over the period of the plan) which is inclusive and sustainable is targeted in the 8th NSEDP and it is noted that inclusive economic growth requires accelerated efforts to create the conditions in which SMEs and micro-enterprises can be established and can flourish. This will enhance the growth of non - resources sector, including agricultural processing and tourism by promoting both public and private investment.
- Strengthening entrepreneurial and technical skills, providing financing, transforming the regulatory environment into a facilitating environment are all still recognized as major continuing challenges.
- Create macroeconomic framework and financial reporting system to be accurate and fast, regularly monitor the macroeconomic situation and settle public debts through macroeconomic sector working group, set up policies and measures to address timely especially impacts on local macroeconomics from economic crisis at the regional and international level.
- Continue to research and implement policies that support the development of economic sectors to be strong, consistent and reinforce each other; continue to improve, expand, upgrade efficiency and effectiveness of state owned enterprises to be strong and become basis for other economic sectors. Enterprises that are ineffective shall be terminated or shifted into other approach of doing business. Meanwhile, it is required to improve the laws and regulations including implementing mechanism that suit actual conditions.
- Continue to improve and promote the private sector including people participation to be active in contributing into development process particularly promote active businesses with strong ownership and effort to develop their businesses to grow strong and competitive.
- Each province shall focus on research and identify the key potentials of their own to use them in improving basic economic foundation to be strong with quality and sustainable growth; pay attention on improving and establishing economic relations among the provinces to be stronger related and harmonized while reinforcing each other. Meanwhile, there is a need to strengthen the domestic markets for smooth and highly effective product circulation.
- Accelerate the implement the mega projects in the areas of energy, construction of the railway, highway, airport, transportation system, cargo loading system, etc. to facilitate the industrialization and modernization.

9.2 Financing Plan

- Mobilize all sectors in the society to participate in research sources of funding for the development to meet the targets specified in the NSEDP VIII through, such as, the round table meeting to mobilize funding from external grants and loans, encourage investment from private domestic and foreign investors to contribute more actively by focusing particularly in quality investments in the economic and social sector linking closely to rural development and poverty eradication.
- Accurately identify investment proportion from the state budget and reflect the actual development and ensure that highest effective use of the budget.

- During the 2016-2020 capital requirements for the development is 223 trillion kip, of which:
 - The public investment accounts for 23-28% and the investment from state budget accounts for 11-12% of the total investment (around 24.3 trillion kip) while investment from grants and loan accounts for 12-16% of the total investment (around 28.4 trillion kip).
 - Private domestic and foreign investments account for 54-58% of the total investment (around 125.3 trillion kip).
 - Investment from financial system accounts for 19-21% of the total investment (around 45 trillion kip).
- Continued allocation of public and ODA funds to education and health should be re-assessed on an annual basis but should not fall below 17% for education and 9% for health in the 8th Plan period
- Economic investments will be required not less than 40% of total investment and great care must be taken to ensure that this is not only on major energy and mining, but is also oriented to stimulating and consolidating the non-resource sector.

9.3 Revenue and Expenditure Management:

- Continue to improve revenue collection mechanisms to be more comprehensively and accurately, collect information and comprehensively register the business units are required, address budget leakage particular caused by exemption or reduction or deduction in the revenue account that was not legal and regulatory compliant. Any legislations that are not consistent and comprehensive, they shall be exposed the proposed revision and timely updated.
- Improve tax and treasury system tailored with the actual situation by centralized a steering and clearly decentralized administration role for harmonized implementation; improve revenue-expenditure management mechanism and tools in each sector and province to be more strict and efficient.
- Ensure the expenditure management is in line with the financial plan which approved by the National Assembly, use budget to maximum efficiency. Recurrent costs shall be plan in detail and inspected systematically.

9.4 CAPACITY BUILDING

- Develop labor skills and create jobs that to meet market demand to support the development in each period
- Create employment opportunities for young workforce (taking advantage from demographic dividend)
- Promote and encourage commercial production:
 - Build capacity for entrepreneurs to enable competitiveness domestically and internationally by encouraging production and service unit using results from science and technology to improve production and services, productivity and quality of products to be able to compete domestically and internationally. Meanwhile, promote close cooperation between suppliers of raw materials and producers of commercial commodities.
 - Develop promoting strategies for each product
 - Improve the technology of post-harvesting by study and develop new technology for the farmers.
 - Promote the establishment of business associations for local processing agricultural products example, farmer's group, processing group, exporter group and etc.

- Promote access to SME loans with establishment of a project to long-term support funds for the commercial banks that interested in provision of SME loans and establish provision fund to reduce risk for the banks and motivate them to provide their services to SME more.

10 ROLL-OUT OF 8thNSEDP

- To ensure achievement of the overall objectives of the NSEDP with concrete outcomes. The Ministers, the Provincial Governors – the Capital Governor shall raise responsibility clearly by following 3 build oriented management mechanisms from the central level to the grassroots levels to facilitate the successful and effective implementation of the plan.
- Ministries, authorities at the central and local level shall translate 5-Year Plan VIII (2016-2020) into the actual action plans of sectors and provinces - grassroots as well as play a role in macro management by translating the targets, priority tasks into details that in line with their roles and ensure alignment between programs, budget and human resource plans
- Advertise and disseminate Party Congress Resolution X, NSEDP VIII (2016-2020), the policies of the party and government as well as legislations to officers, military - police, students, intelligentsia, Lao citizen, domestic and foreign businesses to be well aware and knowledge about the content of these documents to effectively implement them with concrete results.
- Increase coordination and harmony between the government agencies (vertically and horizontally), promote public-private partnership in implementing and monitoring the NSEDP through regular consultation about the development related issues.
- Enhance the role of both public and private organizations, provincial front, mass organizations, all citizens, civil society organizations, both domestic and foreign business operators to contribute in ensuring achievements of the NSEDP.
- Establish a framework for collaboration between the public and private sectors, to jointly implement the NSEDP within its timeframe.
- Increase the effective of the public administration and social management

11 8thNSEDP MONITORING AND EVALUATION

11.1 Key elements of the 8th NSEDP M&E system

310. In order to adequately monitor and evaluate progress of the 8th NSEDP, including MDG (and SDG) achievements, the development of a Monitoring and Evaluation (M&E) Framework is considered crucial. The Department of Planning (DoP) of the Ministry of Planning and Investment (MPI) took the lead to develop a 7th NSEDP M&E Framework and building on this, the DoP / MPI will develop an M&E Framework for the 8th NSEDP which reflects the Outcome based structure of the 8th NSEDP.

311. The 8th NSEDP M&E Framework has been developed taking into account the: (i) the requirements of the Statistics Law and the Strategy for National Statistical System Development; (ii) the requirements of the draft Manual on the preparation of Socio-economic Development Plans and the way in which M&E is included in the planning process; (iii) DP comments on early drafts of the 8th NSEDP structure and content; and (iv) the requirements of the long term strategies for national development (2025 and 2030).

312. Key elements of the 8th NSEDP M&E system include:

- The design of the 8th NSEDP and its M&E Framework are integrated
- Integration of NSEDP and M&E is best achieved with the use of a “Theory of Change” approach and utilizing a Logical Framework as the core design instrument.
- Impact and Outcome levels of NSEDP M&E are MPI / MOF responsibilities and M&E organizational and institutional roles are to be clarified
- Output level of NSEDP M&E is the responsibility of ministries / sectors and their linked provincial and district activities. Output level M&E organizational and institutional arrangements also are to be clarified.
- Formulation and implementation of Activities to achieve Outputs can be linked to preparation and implementation of the PIP 3-year rolling program and this will significantly support the connection between planning and budgeting.
- Data availability and quality for Indicators and Targets at all M&E levels will need to be improved incrementally and explicit strategies will be provided for this, including data management
- Inter-agency coordination on achieving cross-sector Outputs will require strong support from coordinating ministries and other central government coordinating bodies

11.2 Monitoring

11.2.1 Responsibilities

313. The 8th NSEDP M&E system is “owned” by Department of Planning, Ministry of Planning and Investment. It is proposed that the DoP / MPI focuses on the achievement of 8th NSEDP Outcomes and the sectors and provinces focus on the Outputs of the sector level plans and cross-sector Outputs. In this way, DoP/MPI is responsible for monitoring and evaluating the achievement of NSEDP Outcomes and Sectors remain responsible for Sector level M&E.

314. DoP/MPI led NSEDP M&E management will therefore be organized for, and capable of: (i) consolidating indicators, baselines and targets of NSEDP Outcomes once they have been defined by the NSEDP preparation process; (ii) working with the sectors, consolidating sector level Outputs which are needed to ensure achievement of NSEDP level Outcomes; (iii) supporting Sectors as necessary with the identification of sector level Output indicators, baselines and targets; (iv) monitoring the achievement of NSEDP Outcomes; (v) reporting the findings of the NSEDP Outcome monitoring; (vi) conduct of evaluations as necessary; (vi) applying the results of NSEDP Outcome monitoring and evaluation; and (vii) revising NSEDP Outcomes with each change of NSEDP (usually with each 5-year plan preparation).

315. Maintenance of the NSEDP M&E system will be through the regular updating of the Outcome indicators, baselines and targets with the formulation of 5-year NSEDPs and also updating baselines and targets if applicable following availability of stronger data (through the availability of LSB census or survey data for example which may become available during plan implementation) or through revision of targets following a review of achievements to date (most usually through the annual plan valuation / preparation process).

316. The NSEDP M&E system is credible and baselines and targets are realistic and the data on which they are based is verifiable.

11.2.2 Types of Monitoring

317. 8th NSEDP M&E is exclusively results monitoring as it focuses on the target achievements which lead to Outcome achievement. The sectors are concerned with sector level Output Target achievement (i.e. results monitoring) and also implementation monitoring. 8th NSEDP monitoring is only concerned with implementation monitoring if an evaluation is required to better understand target under or over achievement. In this case the NSEDP monitoring would examine the implementation monitoring results of the relevant sector.

11.3 Evaluation

When is Evaluation Necessary

318. Evaluations of performance will be necessary: (i) at any time there is an unexpected result that requires further investigation; (ii) when resource or budget allocations are being made across plans, programs or policies; (iii) when a decision is being made whether or not to expand a pilot plan initiative of component program; (iv) when there is a long period with no improvement and the reasons for this are not clear; and (v) when programs or policies are reporting divergent outcomes.

Types of Evaluation

319. First, and at the strategic level, the assessment needs to be made if the plan is still applicable to the needs of the country and the intentions of the political leadership – “are we doing the right things.” OECD evaluation criteria, which are universally applied by governments and development partners, refer to plan “relevance” and this is the first type of evaluation.

320. The second type is more concerned with effectiveness (is the plan achieving its Outcomes) and efficiency (is the plan using its resources in the best possible way). This type of evaluation should also include an assessment of the sustainability of the plans achievements. The third type of evaluation is the assessment of whether the plan could be implemented in a more effective or efficient way to ensure the achievement of Outcomes. Effectiveness, efficiency and sustainability are also key evaluation criteria recommended by OECD and applied widely.

11.4 Reporting Findings

Analyzing and Reporting Data

321. Timely and accurate data is essential for effective planning and monitoring of development programs. Official population projections are about to be released, and the government needs to insist that these be used by all government agencies to ensure consistency of approach. However, official projections need to be produced for each province. A beginning needs to be made in improving the registration of vital events so that these become an effective tool for planning.

322. Reporting is required to provide information on the status of the plan and to identify the implications for the next plan period. The analysis of data collected in the monitoring process and at the NSEDP Outcome level is intended to: (i) clarify the reasons for problems with plan effectiveness in particular; (ii) to consider improvements in the plan implementation strategies; (iii) provide information over time on trends and directions; and (iv) help confirm or challenge the Theory of Change.

Presenting Data

323. The clear presentation of monitoring results / data is important if the lessons learned from NSEDP M&E are to be conveyed effectively to those who need to know. Only the most important

results / data will be provided, with an appendix or a separate report for detailed technical data. Visual presentations (charts, graphs, maps) will be used to illustrate and highlight key points and “data dumps” will be avoided.

11.5 Using Findings

324. NSEDP M&E will be a key tool to the improvement of government services. It will: (i) provide information to the political leadership, National Assembly and to the public as a means of strengthening accountability; (ii) help formulate and justify budget requests; (iii) help make operational resource allocation decisions; (iv) trigger in-depth examinations of what performance problems exist and what corrections are needed; (v) help motivate personnel to continue making plan and program improvements; (vi) monitor the performance of development partners against performance targets; (vii) provide data for special in depth plan evaluations; (viii) help provide services more efficiently; (ix) support strategic and other long-term planning efforts (by providing baseline information and later tracking progress); and (x) communicate better with the public to build public trust

325. It is important to share the findings of NSEDP M&E. Consideration could be given to the role of the media in disseminating information about the achievements of the NSEDP and lessons learned and the continued development of e-government should also make it easier to ensure that government agencies are also well-informed. Information can also be carried on internal and external internet sites and positive reports on the achievement of 8th NSEDP Outcome #1, for example, will encourage investors.

326. As part of the process of building accountability, it is also recommended that civil society and citizen groups are engaged in the process of NSEDP M&E along with a greater role for the National Assembly. Openness and transparency is important for the M&E process to be credible and this is especially important for budget performance data.

11.6 A Sustainable M&E System

327. The NSEDP M&E process is renewable every 5-years with updates of Outcome indicators, baselines and targets at NSEDP level and at sector level as Outcomes change to support the national development progress. This process of constant renewal will help to ensure that the NSEDP system is sustainable.

328. The NSEDP M&E system will also be sustainable if there is a demand for it and as noted in the section above there are stakeholders who are becoming more and more engaged and demand for accountability is likely to increase. There must be confidence in the M&E system in that the results must be credible and trustworthy.

329. The NSEDP M&E system itself will only be sustainable if the roles and responsibilities of those concerned with the operation and maintenance of the system are clear. It is proposed that DoP / MPI has the lead role at NSEDP level, with sectors providing the sector Output performance information which leads to the NSEDP level M&E. LSB provides a supporting role at NSEDP level and at sector level (and at all government levels). It is acknowledged that the capacity of all the agencies at all levels of government which have a role in sector level NSEDP M&E is weak in places and a Training Needs Analysis is recommended for NSEDP M&E, with a training program in mid to late 2015 to create readiness for 8th plan M&E implementation.

Vientiane Capital, November 2015

Annexes

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