Mid-term Review of Vienna Programme of Action (2014 – 2024)

Lao People’s Democratic Republic

Vientiane, 4 February 2019
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List of Abbreviation

ADB  Asian Development Bank
AEC  ASEAN Economic Cooperation
APoA Almaty Programme of Action
BOL  Bank of Lao PDR
BRT  Bus Rapid Transport
CDP  Committee for Development Policy
GDP  Gross Domestic Product
GMS-CBTA Greater Mekong Sub-region Cross-Border Transport Agreement
GNI  Gross National Income
HAI  Human Assets Index
Lao PDR Lao People's Democratic Republic
LDC  Least Developed Country
LSB  Lao Statistics Bureau
MAF  Ministry of Agriculture and Forestry
MOFA Ministry of Foreign Affairs
MOIC Ministry of Industry and Commerce
MoU  Memorandum of Understanding
MPI  Ministry of Planning and Investment
MSME Micro, Small and Medium Enterprise
MTPW Ministry of Transport and Public Works
NSEDP National Social-Economic Development Plan
NTFC National Trade Facilitation Committee
ODA  Official Development Assistance
OECD The Organisation for Economic Co-operation and Development
PHC  Population and Housing Census
PPP  Public-Private Partnership
SDG  Sustainable Development Goal
SKLR Singapore-Kunming Rail Link
SME  Small and Medium Enterprise
TFSP Trade Facilitation Strategic Plan
TPEC Total Primary Energy Consumption
TPES Total Primary Energy Supply
VAT  Value-added Tax
VNR  Voluntary National Review
VPoA Vienna Programme of Action
1. Introduction

The Lao People’s Democratic Republic (the Lao PDR) is a land-locked and least developed country located in the heart of mainland Southeast Asia, and shares border with China, Viet Nam, Cambodia, Thailand and Myanmar. With the total population of approximately 6.5 million people (LSB, 2015), the country has the total land area of 236,800 square kilometer, about two-third of which is mountainous, especially the areas in northern and eastern parts of the country adjacent to China and Viet Nam.

According to the Population and Housing Census (2015), about 67 percent of the population live in rural areas (rural with roads: 59.2 percent; rural without road: 7.9 percent) and many of them are preoccupied with subsistent agriculture, forestry, and fishing. The country is sparsely populated of about 27 persons per square kilometer, which is relatively low compared to other Asian Countries. The Lao PDR has been experiencing 6.8 percent of GDP growth in the past three years. In 2018 review of the UN Committee for Development Policy (CDP)\(^1\), the Lao PDR met two out of three eligibility criteria of the LDC graduation for the first time, which were Gross National Income (GNI) and Human Assets Index (HAI) thresholds but not Economic Vulnerability Index (EVI).

The main transport system in the country is by road with limited railway link. Water transport system can be operated mainly during the rainy season and access to seaports has become a major challenge. Nevertheless, through existing cooperation with its neighboring countries, access to deep sea ports has depended mainly through transit routes via Thailand. River transport, although, makes a small share in the total volume of National Transport, it plays an important part since it links small communities along its tributaries and the Mekong River with the economic centers, markets and service centers of the country. Importantly, this river enables the waterway connection with China, Thailand and Myanmar, and domestically from north to south. Moreover, the two neighboring countries, the Lao PDR and Thailand, have strived to develop land linkages through the construction of five bridges crossing the Mekong River. Taking into account the geographical distance, the nearest access to deep seaport is Danang, Vietnam. Nevertheless, inadequate road condition connecting the two countries, in-land transport has remained a major challenge even though it has been incrementally improved in recent years and commercially viable. All this has added up to the existing high transit transportation costs. Moreover, other impediments are the result of cumbersome service at border checkpoints and poor harmonized custom system with transit countries, among others, which have made goods produced in the Lao PDR uncompetitive in the world market.

\(^1\) Currently, GNI for Laos is $1,996 (met the eligible criteria - above the Graduation Threshold = $1,230). For Human Asset Index (HAI), Laos stands at 72.8 (met the eligible criteria - above the Graduation Threshold = 66). In term of Economic Venerability Index (EVI), the score for Laos is 33.7 (not met the eligible criteria as EVI for Laos is still above the Graduation Threshold = 32)
2. Integration of Vienna Programme of Actions into National Development Plan

Following the review of the Almaty Programme of Action (APoA) and the adoption of VPoA in 2014, the Lao Government has localized the priority areas of VPoA and integrated them into the national development plan such as the 8th Five-Year National Socio-Economic Development Plan 2016 – 2020 (8th NSEDP) and some other relevant sectoral strategies.

The Lao Government’s policy has always been to improve infrastructure, trade regulations within the country and trade facilities with transit neighbors while constantly working to transform the country from a landlocked into a land-linked one. This determination rests on the fact that, the country can become an inland transit route or a logistic hub for countries in the region to use, among others, as a trade and communications link among them. In this connection, the Lao Government has developed several programs and policies for infrastructure development as outlined in the following sections.

2.1 The 8th National Socio-Economic Development Plan (NSEDP)

The 8th Five-Year National Socio-Economic Development Plan from 2016-2020 (8th NSEDP) is focusing on key areas to build a new foundation for the Lao PDR to graduate from Least Developed Country status while achieving sustainable development in line with the 2030 Agenda. Specifying within the 8th NSEDP, the Lao Government has emphasized and highlighted the importance of the priority areas of the VPoA. For instance, under the Outcome 1: Economic Development, a number of priority activities are related to the development and expansion of efficient transit systems and transport development, enhancement of competitiveness, expansion of trade, structural transformation, regional cooperation and the promotion of inclusive economic growth and sustainable development to reduce poverty, build resilience, bridge economic and social gaps and ultimately help to transform the landlocked Lao PDR to a land-linked nation.

Being the result-based plan, the priority activities in the 8th NSEDP related to VPoA are measurable in accordance to the national monitoring and evaluation framework. Each of the priority activity accompanies with implementing policies to guide the Lao Government towards achieving its development objectives.

2.2 The Sectoral Strategies

To ensure actual implementation, the priority areas of VPoA have also been integrated into the sectoral strategies of relevant line ministries. In particular, Ministry of Transport and Public Works (MTPW) has constantly been working on its transport and logistic development plan to reflect the socio-economic needs of the country. The recent Transport and Logistic Development Plan (2016 – 2020) was drafted with reference to VPoA, inter alia, to ensure its plan is linked to that of VPoA priorities and action areas. To ensure the policy coherence between VPoA and SDGs, the theme of the Inter-governmental Tenth Regional Environmentally Sustainable Transport Forum held in Lao PDR in 2017 was on “2030 Road Map for Sustainable Transport – Aligning with Sustainable Development Goals (SDGs)”.

Building upon the lessons learnt from Trade Facilitation Strategic Plan (TFSP) for 2011-2015, the Trade Facilitation Road Map of the Lao PDR for 2017-2022 adopted by Ministry of Industry and Commerce (MOIC) also reflects the priority areas of VPoA as seen in the efforts to remove the non-physical barriers and improve on the delays and inefficiencies associated with border crossings and ports, including customer procedures and documentation requirements. In the same vein, many ministries have their own strategies and action plans with many elements directly linked to the priority areas of VPoA.

In addition, the Lao Government has put in place various mechanisms to ensure the harmonized sectoral strategies through vertical and horizontal coordination. In particular, the line ministries have been working closely with their respective departments to ensure the coherence of the planning and implementation processes.

3. **Coherence and Linkages between VPoA and Other Conventions**

To ensure the coherence and the linkages between VPoA and other regionally and international agreed development goals and commitments that bring about the most effective use of resources, the Lao Government, in the process of identification and localization of SDGs, harmonizes similar agendas through cross-referencing with regional and international frameworks such as the Istanbul Programme of Action, Addis Ababa Action Agenda, Partnership for Effective Development Cooperation framework, Sendai Framework for Disaster Risk Reduction, Paris Agreement on climate change, while discerning distinct indicators to ensure that they are mainstreamed into the national and relevant sectoral strategies. This is also in endeavor of the Lao Government not to segment different agendas to pursue on a standalone approach but to find synergy and appropriate platforms to integrate them into the national and sectoral strategies.

3.1 **Institutional Mechanism**

Department of International Organizations in Ministry of Foreign Affairs (MOFA) is the focal point for the implementation of VPoA in collaboration with relevant ministries in order to disseminate and gather information related to VPoA while trying to ensure policy coherence.

3.2 **National Reviews**

The mid-term review of VPoA comes at an opportune time when Lao PDR has recently finished its Voluntary National Review for Sustainable Development (VNR) and the mid-term review of the 8th NSEDP as well as the conclusion of annual Round Table Meeting\(^2\) in 2018. Therefore, the content of the mid-term review of VPoA is constructed around key progresses highlighted in these exercises which were taken in perspectives of different stakeholders.

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\(^2\) Round Table Meeting is a national development cooperation platform led by the Government to discuss with development partners on various national development agenda.
4. Progress and Challenges

The Lao PDR ranks 152 in the 2016 Logistics Performance Index. To improve this ranking, a number of activities, initiatives and actions have been carried out in recent years. Importantly, they are strategically related to the implementation of VPoA within the legal framework to support the smooth physical infrastructure development and the national and sectoral plans. While throughout this report, specific progresses and challenges are highlighted, at a broader level challenges in sourcing for funding and the right local expertise to support the implementation of VPoA still need to be addressed.

4.1 Progress on Legal Frameworks and Strategies

Various legal and regulatory frameworks have been drafted, revised, and promulgated in recent years to facilitate the potential flow of trade and immigration resulting from linkages with the neighboring countries. For instance,

**Relevant laws and strategies:** The amended Law on Investment Promotion approved in 2017 provides an overarching framework and reference for both domestic and foreign investments in different sectors across the country. Tools to aid the implementation the priority areas in VPoA include, inter alia, the National Science and Technology Strategy 2013 – 2020 and a Vision 2030, the SME Development Plan 2012 – 2020, ICT Strategic Plan towards 2025, Master Plan Logistics 2015.

**Public-Private Partnerships (PPPs):** National Socio-Economic Development Plans have identified the private sector as the main engine of growth and the Lao Government is committed to fostering a transition to a private-sector-led market economy. In recent years, the Lao Government, for the first time, has adopted the Public-Private Partnerships (PPPs) framework to assist its development of socio-economic and environmental sectors with the issuance of the Prime Minister’s Decree on the implementation rules and regulations in 2015. This framework also applies to the development of infrastructure. The emphasis is on the role of PPPs as a useful tool to help bridge the infrastructure gap and improve the performance of public services in the country. The present Lao PDR Public-Private Partnership Policy aims at laying out a path to gradually achieve the long-term objectives of the Lao Government with regard to PPPs and setting out the detailed policy actions required to realize its long-term vision for PPPs.

4.2 Progress on Physical Infrastructure Development

Over the years, progress on the priority areas related to physical infrastructure reflected in VPoA has been made.

**Regional connectivity:** The priority of turning the Lao PDR from a landlocked nation to a land-linked one has been making good progress. For instance, there are new bridges linking the Lao PDR to Thailand and Myanmar, the construction of railway under the Belt and Road initiative and the on-going discussion with potential investors to construct the railway linking the Lao PDR to Vung Anh Port in Vietnam, which will be the shortest line connecting the Lao PDR to a port if completed.
**Domestic connectivity:** Throughout the country, there is an increase in the length of paved road and the road in rural areas providing access to social services to local communities residing in remote and mountainous areas. For instance, around 85 percent of the rural population now live in villages with all-weather road access. Road transport accounts for nearly 90 percent of passengers. The new Road Section II Project is part of the country’s national programme to build climate-resilient roads and infrastructure while providing institutional strengthening, emergency response operations manual and training on project management to concerned stakeholders.

**City transportation:** The Lao PDR has embarked on the Vientiane Sustainable Urban Transport Project in 2017, which will help the establishment of a Bus Rapid Transport (BRT) system in the city. ADB approved a loan of USD 35 million to spearhead the project, while a further USD 35 million was provided by other donor organizations. The Vientiane Sustainable Urban Transport Project is a large-scale project with the aim of improving transportation systems in the congested capital city. The project has five main components, which include the establishment of a sustainable urban transport management agency for Vientiane, the development of the BRT system for Vientiane Capital, the improvement of traffic management, the development of paid parking systems, and better accessibility for pedestrians and non-motor traffic in the core of the city.

**4.3 Challenges on Implementation of VPoA**

While achievements made over the years, some key challenges have been identified as follows.

**Financing:** Although the state’s budget has been increased over the years, international assistance has played an important role. Since 2000, the level of international public resources has remained relatively stable in real terms meaning that it now makes up a smaller proportion of development financing overall. Within the overall resource mix, Official Development Assistance (ODA) has until recently been the major source of international public finance, although since 2013 increased government borrowing—especially to support infrastructure development—has eclipsed it. In 2015-16, gross ODA averaged USD 508 million per year, with Japan, Korea, and the Asian Development Bank (ADB) being the leading providers. About 75 percent of this came in the form of grants.

However, the ODA in recent years has decreased, making it difficult to implement different development conventions. According to OECD data, there was also a gap of approximately USD 359 million between commitments and disbursements over the two-year period (2015-2016).

**Logistics capabilities:** In-country expertise on logistics is an issue that needs to be strategically addressed. The capabilities of the local companies to design and construct physical structure need to be enhanced to ensure high standard. The human resource development plan has highlighted this area for concentrated efforts within the framework of the 8th NSEDP and the next ones.

**Logistics costs:** The Lao PDR has domestically- high logistics cost compared to other countries in the region resulting from the inefficient and sub-standard infrastructure and long distance transport. This has been posing a real challenge on in-country and international trade activities.
**Business promotion:** micro, small and medium enterprises (MSMEs) are major employers but their productivity is relatively limited. In particular, they are hampered by skill shortages and the lack of access to technology, finance, and markets. In recent survey, small (and registered) firms in the Lao PDR consider access to finance as one of their three major obstacles for business growth. The 2016 report shows that access to finance was among the top five major obstacles for business growth. Statistics from Bank of Lao PDR also reveals that while SMEs account for over 98 percent of enterprises in Lao PDR, only 20 percent of bank credit goes to SMEs.

**Technology:** Access to technology is required especially for the development of agro-industries and food industries. SMEs will need to address product quality and productivity to cope with increasing competition within ASEAN. Skill shortages in this area are reported by medium-sized businesses as the most serious constraint. Therefore, the Lao Government has put great efforts on various related activities on how information and communication technology can better support and advance social-economic development in the Lao PDR.

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5. **Priority Area**

The progress of the implementation of six priority areas of VPoA is highlighted in the following section with reference to the SDG VNR, the mid-term review of the 8th NSEDP and key issues emerging from national and sectoral consultations.

5.1 **Priority 1: Fundamental Transit Policy Issues**

In order to effectively and efficiently control and regulate both the domestic and international road transport operations and road traffic, the Lao Government has enacted the Transport Law, Road Law and Traffic Law, Post and Telecom Law, and Civil Aviation Law. A number of decrees, rules, and regulations have also been issued for the sector's efficient management and control. To date, the Lao PDR has concluded, except with Myanmar, bilateral transport agreements with all of its neighbors:

- Agreement on Road Transport with China, signed in 1993
- Agreement on Road Transport with Cambodia, signed in 1999
- Agreement on Road Transport with Thailand, signed in 1999
- Agreement on Road Transport with Vietnam, signed in 2009

Apart from the various agreements on road transportation between the Lao PDR and its neighboring countries, it has also entered into the ASEAN Framework Agreement on the Facilitation of Goods in Transit signed in 1998, Agreement on Facilitation of Cross Border Transport of Goods and People with Thailand and Vietnam signed in 1999.
5.1.1 Railway

Six main railway projects were introduced under the Lao PDR Railway Strategic Plan of 2016 – 2030. Among them, railway connecting Laos – China (Boten – Luang Prabang – Vientiane Capital) as part of the Singapore-Kunming Rail Link (SKRL) under the Belt and Road initiative with a total length of 409 kilometers passing by Lao PDR is an important recent development. The project progress is around 57.5 percent of completion as of December 2018 and is expected to be completed by 2021. For the portion of 7.5 kilometers connecting from Vientiane Capital to Thanaleng is still under the bidding process. This will further connect the already built 3.5 kilometers from Thanaleng (the Lao DPR) to Nongkhai (Thailand). When the railway project is fully completed, it is expected to be a crucial transit point that facilitates the trade flows between China, Laos, Thailand and beyond.

To help address potential issues, a team from World Bank conducted a study in 2018 to identify complimentary investments and policy measures for enhancing the benefits of the Laos – China railway project for Lao PDR. It aims to support the Lao Government’s development priorities by informing policy measures and investments to address the existing physical and non-physical barriers along the corridor and maximize the benefits of this major infrastructure development through economic connectivity for wider geographic areas in the Lao PDR.

Another pipeline project is the railway from Vientiane to Vung Ang Port in Vietnam with a total length of 452 kilometers. This railway line is the shortest line that connects the Lao PDR to a port, reducing transportation cost greatly for Lao businesses. The feasibility study supported by KOICA was completed on December 2017. The Lao Government is now in the process of looking for investor to continue the project under Public-Private Partnership investment.

5.1.2 Greater Mekong Sub-region Cross-Border Transport Agreement (GMS-CBTA)

Lao PDR is a party to the Cross-Border Transport Agreement among the Governments of the GMS countries supported by ADB. The GMS-CBTA, signed in 1999, consists of 3 Protocols and 17 Annexes which cover all aspects of cross-border movement of goods, vehicles and people, all of which have been ratified by the Lao PDR. The GMS-CBTA makes reference and is in conformity with key international conventions such as the Conventions on Road Traffic, Road Signs and Signals, the TIR, the Temporary Importation of Commercial Road Vehicles, Containers and the Harmonization of Frontier Control of Goods. To enhance the GMS-CBTA, Laos, Vietnam and Thailand signed Memorandum of Understanding (MoU) on adding national roads No. 8 and No. 12 on Vietnamese and Lao territories to Protocol No.1, facilitating the movement of the three countries’ vehicles from the East-West Economic Corridor to Vietnam’s Hanoi and Hai Phong cities, Vientiane of Laos and Leam Chabang of Thailand.

5.1.3 Multilateral Water Transport Agreements

Inland waterway in the Lao PDR is a challenge. The Mekong River and its tributaries, the Nam Ou and Se Kong rivers, flow through the country for over 2,000 kilometers. But rapids, falls, and low water levels during the dry season reduce the navigable length for river transportation to only
1,300 kilometers. For navigation purposes, the Mekong River in the Lao PDR is divided in seven sections along the China, Thailand, and Cambodia borders.

Contributing to further development of the inland water ways- river transport, the Development Potential for International Shipping on the Lancang-Mekong River (China, the Lao PDR, Myanmar and Thailand) was adopted in 2016. As a key part of the GMS transport network, this recent update plays a crucial role in transport connectivity between the upper and lower riverine countries through the waterborne navigation system. This navigation system has drawn greater attention from China, the Lao PDR, Myanmar and Thailand. It is considered as a potential development of the international shipping and transportation route from Simao district in Yunnan Province and China to Luang Prabang in Lao PDR. Under the design of a Master Plan for Regional Waterborne Transport in the Mekong River Basin (2016), the Lao PDR has currently lowered the bar for navigation equipment to ease the water transportation.

5.1.4 Multilateral Agreements on Air Service

For the past 10 years, the Lao PDR has entered into bilateral agreements with 30 states and engaged actively in ASEAN Air Transport sector, CLMV Multilateral Cooperation and other cooperation frameworks. This allows national carriers to enjoy up to 5th freedom traffic rights within ASEAN and beyond under ASEAN Single Aviation Market started in the early 2016.

In term of air carriers, Lao Airlines State-Owned Enterprise and Lao Skyway Enterprise perform flight operations on domestic routes. A national flag carrier has 11 aircrafts in its fleet including 4 Airbus 320 and 7 ATR-72. For international carriers, there have been 22 foreign carriers operating into the Lao PDR, dominantly on Vientiane Wattay and Luang Prabang International Airports. Meanwhile the other two international airports, Savannakhet and Champasack have been operated by Lao Airlines connecting to Bangkok. The country has got in-bound and out-bound flight operations connecting to 7 countries including high-demand routes from China, South Korea and Thailand.

The Department of Civil Aviation, Ministry of Public Works and Transport has worked actively with competent authorities from Ministry of Industry and Commerce, Ministry of Information, Culture and Tourism, and Ministry of Planning and Investment to stimulate trade, investment and tourism that subsequently strengthen air transport market in the country.

The Lao Government also emphasizes on building and improving airport facilities, airport infrastructure, air navigation service system and aeronautical telecommunication system across the country in order to ensure seamless communication integration within the country and region. One of the most recent improvements is that the Wattay International Airport Expansion Project will be completed in early August 2019.

5.2 Priority 2: Infrastructure Development and Maintenance

5.2.1 Transport Infrastructure

The approved Logistics Master Plan of the Lao PDR in 2015 forms a crucial guidance to the logistics infrastructure development of the country in recent years. Since the adoption, a
considerable progress has been made on the road, expressway, logistics dry port and special economic zones developments.

**Road:** The length of road in the Lao PDR was slightly less than 60,000 kilometers in 2017. Of which, 19 percent is paved road. This is a slight improvement from the 47,492 kilometers in 2010, with 10 percent being the paved road.

**Expressway:** The Lao PDR has in the pipeline to construct expressway from Vientiane to Vangvieng (113.5 kilometers), Vientiane to Hanoi (725 kilometers) and Vientiane to Pakse (491 kilometers). Progress and update on these pipelines will be documented during the next review.

**Logistic dry port:** In terms of dry port development, the Lao Government has approved the plan to develop 9 logistic dry ports across the country. To kick-off the plan, the first logistic dry port called “Savan Logistic Dry Port” in Savannakhet province was approved in 2016 by the Lao Government. This dry port promotes the trade in the special economic zone in Savan – Seno. For the first dry port in Thanaleng provides container yard services in 2016.

**Special Economic Zones:** As of 2018, 12 special economic zones (SEZs) have been developed in the Lao PDR. Some of international companies have been operating in some of the zones such as Nikon, Essilor, Toyota Boshoku, Aeroworks, Mitsubishi Materials and Celestica. The Savan – Seno SEZ under the Japan-ASEAN Integration Fund Part B has already been 78 percent completed as of December 2018.

### 5.2.2 Energy and Information and Communications Technology Infrastructure

While the national budget for innovation, science, technology and telecommunications and ICT is still minimal, the Lao Government has made efforts to enforce a number of legislative frameworks to improve scientific innovation, such as the Law on Intellectual Property and associated implementation of trademarks, copyrights, and industrial patents. On-going work is making progress on a ‘South-South’ Cooperation Plan with the Ministry of Science and Technology of Viet Nam. Some other initiatives with neighboring countries and key partners in this area of work have also been carried out in order to bring advanced science and technology from overseas. The National Science and Technology Strategy 2013-2020 and Vision 2030 have also been developed and finalized. Moreover, the Law on Science and Technology has been completed and was presented to the National Assembly for approval. Some of key initiatives under discussions for further improving the contribution of science and technology to development include: making ICT work for education, private sector partnership for ICT development, connecting rural communities and providing community access, using ICT to reach remote communities for health benefits and expanding rural health service access, linking research and farmers, connection of rural communities and urban population through mobile phones and on-line early warning system.

#### 5.2.2.1 Energy Infrastructure

Ministry of Energy and Mines in collaboration with the Economic Research Institute for ASEAN and East Asia (ERIA) conducted the first energy statistics of the country in 2018. The statistics
showed the total primary energy supply (TPES) and total primary energy consumption (TPEC) as of 2015 (MOEM, 2018). Key results of this exercise are highlighted as follows:

**The total primary energy supply (TPES):** TPES of the Lao PDR increased from 1,618 thousand ton oil equivalent (ktoe) in 2000 to 4,765 ktoe in 2015, at an average annual growth rate of 7.5 percent. Coal saw the highest increase over the 2000–2015 period, at an average rate of 42.2 percent per year. This increase is an effect of the operation of the Hongsa power plant in 2015. The second-highest growth during the period was hydro power which is around 9.8 percent per year. It is a major energy source for electricity production in the Lao PDR. Petroleum supply also increased rapidly at an average of 8.5 percent a year.

**Energy export:** The Lao PDR exports most of its electricity products to Thailand while also importing from neighboring countries to meet the demand during the dry season and from the border areas not connected to the grid. The electricity supply in the TPES of the Lao PDR reflects the net trade of electricity. In 2000, the largest share in the TPES was biomass at 78 percent, followed by petroleum (15 percent), hydro (5 percent), and coal (0.5 percent). Since coal supply had grown very rapidly by 2015, coal’s share in the total TPES increased significantly to 33 percent. The share of biomass, on the other hand, had declined to 34 percent by 2015. The slower growth of biomass supply indicates a substitution in the use of biomass for cooking in the residential sector. The shares of the other supplies increased, but not as drastically as coal. Hydro power shares had increased to around 9 percent by 2015 while those of petroleum products had reached 20 percent.

**The total final energy consumption (TFEC):** TFEC of the Lao PDR increased at an average annual growth rate of 5 percent from 1,509 ktoe in 2000 to 3,122 ktoe in 2015. By type of fuel, coal grew the fastest at 28.4 percent per year, followed by electricity at 13.4 percent per year. Consumption of petroleum products and biomass, which are the most used types of fuel in the country, grew at a slower rate than that of coal and electricity. The average annual growth rate of petroleum products consumption was 8.5 percent while biomass consumption grew by only 1.4 percent per year over 2000–2015. Despite the high average annual growth rate of consumption during this period, the share of coal in the TFEC was only 13 percent in 2015. Electricity share in the TFEC was the lowest at 12 percent in 2015. Petroleum products and biomass had a total share of more than 76 percent during the 2000–2015 period. Biomass share in the TFEC decreased from 78 percent in 2000 to 46 percent in 2015.

**Hydropower:** Hydropower production in the Lao PDR increased from 302 ktoe in 2000 to 1,232 ktoe in 2015. The country started generating electricity from solar energy in 2014, but the amount remained very small. With potential for hydropower, owing to its rich water sources, the Lao PDR has expected to operate 100 hydropower plants with combined installed generation capacity of 28,000 MW and annual power output of about 77,000 million KWh by 2020.
Table 2: Electricity Production by Source (GWh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Hydro</th>
<th>Coal</th>
<th>Solar</th>
<th>Biomass</th>
<th>Total Production</th>
</tr>
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<tbody>
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<td>-</td>
<td>-</td>
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<td>4</td>
<td>16,302</td>
</tr>
</tbody>
</table>

Source: Electricite du Laos, Lao PDR Energy Statistics 2018

Electrification and Transmission Lines: In 2018, the national household electricity accessible rate was 94 percent as compared to 81 percent in 2012. In 2012, about 5,447 kilometers of transmission lines including the high voltage of 500 KV, 230 KV and 115 KV were built. In 2017, the total length of transmission lines was extended to 8,530 kilometers across the country. To date, more than 60,000 kilometers for total length of transmission lines covering high, medium and low voltage and 60 substations were built nationwide to facilitate the electrification, distribution and export to neighboring countries.

5.2.2.2 Information and Communications Technology Infrastructure

The Lao PDR ranks 139 in the global ICT Development Index in 2017, improved from 144 in 2016 (ITU, 2017) as a result of increased investment in ICT infrastructure in recent years. Some of key updates on this area are highlighted as follows:

- In 2015, the Lao Government launched its first telecommunications satellite (Lao Sat-1) into the 128.5 degrees East orbital slot in China with control system in Lao PDR with the project cost amounting to USD 259 million under the loan scheme from Export-Import Bank of China (LAOSAT, 2015). With Lao PDR surrounded by mountainous terrain, Lao Sat-1 is beneficial for the country’s development including education, health, defense, security, Internet and television. Commercially, Lao Sat-1 has already signed deals with many companies in the region. On top of this, Ministry of Post and Telecommunications issued the Agreement on Satellite Communications in August 2016, which is expected to put into Decree in 2019. Lao Sat-1 was registered in the United Nations Committee on the Peaceful Uses of Outer Space (UNCOPUOS) as an object launched into outer space in early 2017. In the same year, Radio Frequency Law was also passed.

- The first Lao PDR’s ICT survey in 2017 indicates that computer users account for 36 percent while internet users account for 45 percent of the total population. Some 37 percent of the population have access to high speed, 27 percent of households have access to the
internet. An estimated 54 percent of the population are landline telephone users and 92 percent of the population are mobile phone users.

- The Lao National Internet Center has been under construction since 2010 with a complete rate of 80 percent by December 2018. It is expected to be fully operational by second half of 2019. The center could provide a platform for enabling a greater connection for the telephone and the Internet. It will also be used as a national data center for the Government and public sectors managing the Country Code Top Level Domain Name, and implementing infrastructure for digital economy development including electronic authentication, payment gateway and other related matters.

- Lao Digital Forum has been held since 2016 as an initiative to promote digital economy to be in line with the Lao Government’s priority. The focus of the forum is, among others, on the harnessing the potential of ICT to provide opportunities for e-commerce in the Lao PDR. This initiative is also in line with the e-commerce being part of the ASEAN Economic Community 2015 Blue Print and the Lao Government’s goal of establishing a legal framework for e-commerce. The intention is to support domestic producers to engage with different platforms to engage in bigger global markets.

**5.3 Priority 3: International trade and trade facilitation**

**5.3.1 International Trade**

As part of its efforts to secure WTO membership, the Lao Government has made legislative amendments in a number of areas, including tax, trade and intellectual property. To comply with the ASEAN Economic Cooperation (AEC) integration process, the Lao PDR is expected to reduce its import tariffs to zero on goods imported from ASEAN countries by the year 2018 and remove non-tariff barriers.

In 2016, the Lao PDR is the 106th largest export and 116th largest import economy in the world (OEC, 2017). The volume of trade in the Lao PDR has grown in size over the years though the current account is still registering trade deficits (Table 3). Some of key trading partners are highlighted in Table 4.
### Table 3: Volume of Trade in Lao PDR

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Imports</th>
<th>Volume of Trade (VoT)</th>
<th>GDP</th>
<th>VoT/GDP (%)</th>
<th>Trade Balance</th>
<th>Trade deficit / GDP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2,191.26</td>
<td>3,046.47</td>
<td>5,237.73</td>
<td>10,233</td>
<td>51.23</td>
<td>-855.22</td>
<td>8.37</td>
</tr>
<tr>
<td>2013</td>
<td>2,264.46</td>
<td>3,050.26</td>
<td>5,315.38</td>
<td>12,002</td>
<td>44.29</td>
<td>-786.45</td>
<td>6.55</td>
</tr>
<tr>
<td>2014</td>
<td>3,276.46</td>
<td>4,975.88</td>
<td>8,252.34</td>
<td>13,268</td>
<td>62.20</td>
<td>-1,699.42</td>
<td>12.81</td>
</tr>
<tr>
<td>2015</td>
<td>3,653.31</td>
<td>5,675.33</td>
<td>9,328.63</td>
<td>14,452</td>
<td>64.55</td>
<td>-2,022.02</td>
<td>13.99</td>
</tr>
<tr>
<td>2016</td>
<td>4,244.77</td>
<td>5,372.37</td>
<td>9,617.14</td>
<td>15,901</td>
<td>60.48</td>
<td>-1,127.59</td>
<td>7.09</td>
</tr>
<tr>
<td>2017</td>
<td>4,822.56</td>
<td>5,635.69</td>
<td>10,458.26</td>
<td>17,061</td>
<td>61.30</td>
<td>-813.13</td>
<td>4.77</td>
</tr>
</tbody>
</table>

### Table 4: Trading Partners of Lao PDR

<table>
<thead>
<tr>
<th>Main TPs</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>53.62</td>
<td>48.21</td>
<td>45.67</td>
<td>53.03</td>
<td>60.87</td>
</tr>
<tr>
<td>China</td>
<td>19.08</td>
<td>25.47</td>
<td>30.32</td>
<td>23.81</td>
<td>24.27</td>
</tr>
<tr>
<td>Vietnam</td>
<td>9.77</td>
<td>10.28</td>
<td>10.79</td>
<td>10.45</td>
<td>7.41</td>
</tr>
<tr>
<td>France</td>
<td>0.39</td>
<td>0.36</td>
<td>0.38</td>
<td>0.39</td>
<td>0.42</td>
</tr>
<tr>
<td>Germany</td>
<td>2.59</td>
<td>1.42</td>
<td>1.73</td>
<td>1.20</td>
<td>1.26</td>
</tr>
<tr>
<td>Japan</td>
<td>2.89</td>
<td>2.15</td>
<td>2.13</td>
<td>1.90</td>
<td>2.41</td>
</tr>
<tr>
<td>America</td>
<td>0.66</td>
<td>0.54</td>
<td>0.53</td>
<td>0.68</td>
<td>0.92</td>
</tr>
<tr>
<td>South Korea</td>
<td>1.95</td>
<td>1.88</td>
<td>1.46</td>
<td>1.87</td>
<td>1.55</td>
</tr>
<tr>
<td>Singapore</td>
<td>0.40</td>
<td>0.30</td>
<td>1.20</td>
<td>0.70</td>
<td>0.50</td>
</tr>
<tr>
<td>Belgium</td>
<td>0.57</td>
<td>0.65</td>
<td>0.40</td>
<td>0.37</td>
<td>0.46</td>
</tr>
</tbody>
</table>

*Source: International Trade Center*
5.3.2 Trade Facilitation

As of 2017, the Lao PDR has signed bilateral trade agreements with Vietnam, China, Cambodia, Myanmar, Thailand, North Korea, Mongolia, Malaysia, Russia, India, Belarus, Argentina, Kuwait and Turkey. To leverage on the potential benefits of these agreements, the Lao Government has set up institutional mechanism and carry out a number of initiatives to promote trade in the country.

National Trade Facilitation Committee: National Trade Facilitation Committee (NTFC) was set up in accordance with Decision on the Establishment of National Trade Facilitation Committee No. 48/PM, dated 26 July 2018. It is chaired by the Deputy Prime Minister and it has a mandate, among others to monitor, supervise and facilitate trade and business in the country. The NTFC held its first Central National Trade Facilitation Committee meeting on January 07, 2019.

Lao Trade Portal: Lao Trade Portal was established in 2012 as a follow-up action from the approval of the Trade Facilitation Strategic Plan 2011 – 2015. Over the years, the trade portal committee has been putting great efforts to improve the functionality of the portal by making sure the availability of legal documents, tariff rates, forms and import-export procedures. This in turns will hopefully help both local and foreign businesses to register in the Lao PDR.

Ease of Doing Business and Value-added Tax (VAT): Central Investment Promotion and Supervision Committee, on behalf of the Lao Government, issued an Instruction on Duty and Value-Added Tax Incentives for Master List of Enterprise No.01/CIPSC, dated 02 January 2019. This notification aims to untangle the difficulties related the indicators of ease of doing business in the Lao PDR. It is also an instruction to ensure the implementation of duty and value-added tax incentives is complying with procedures and operational methods of approving import plan (master list) for the utilization in the investment activities, and to facilitate the investors in Laos. This is a remedy to address matters relating to VAT refund which has been one of matters discussed during the annual Lao Business Forum as the matter has been hindrances for many enterprises in the country, especially in the manufacturing sector.

Small Medium Enterprises (SMEs): The Lao PDR, for the first time, has a formal SME Development Plan which is in line with the timeframe of the 8th NSEDP (2016 – 2020). This plan has set out clear objectives and priorities for SMEs in the country. The key objectives are: (i) to improve the enabling environment for SMEs, (ii) to enhance the competiveness and sustainable growth of Lao SMEs, and (iii) to enable their integration into regional (especially the ASEAN Economic Community) and international markets. For priorities, the plan covers: (i) the promotion of productivity, technology and innovation, (ii) the promotion of access to finance, (iii) the promotion of access to business development services, (iv) the enhancement of market access and expansion, (v) the strengthening of entrepreneurial development, (vi) the policy to create a favorable environment for business, and (vii) policies on customers and taxation.
5.4 Priority 4: Regional Integration and Cooperation

5.4.1 Trade Regional Integration and Cooperation

The top three trading partners of the Lao PDR are Thailand, China and Vietnam respectively, forming over 90 percent of the trade volume in the past three years. Realizing the importance of this, the Lao Government has signed bilateral treaties and trade agreements with these three countries to facilitate the trade flow while still maintaining connections with other trading partners.

The Lao PDR has signed the ASEAN Free Trade Agreement in 2013 and been working to eliminate the import tariff to zero by 2018. Currently, the FTA of ASEAN+6 including China, India, South Korea, Japan, Australia and New Zealand and the ASEAN economic community (AEC), which was enacted on 31 December 2015, present opportunities for Laos.

5.4.2 Non-trade Regional Integration and Cooperation

Foreign policy: As of 2018, the Lao PDR has diplomatic ties with 141 countries. It firmly upholds its foreign policy of peace, independence, friendship and cooperation to pursue its national interest and promote international cooperation. In this context, the country has become an active and responsible member of various sub-regional, regional and international organizations.

Regional Integration and Cooperation: Regional and international cooperation and integration are high on the national agenda, as highlighted in the current 8th NSEDP. The Lao PDR assumed the Chairmanship of ASEAN in 2016, which marked the start of implementation of the ASEAN Community Vision 2025. With the youngest labour force in the region, it is expected to benefit from the demographic transition. ASEAN economic integration should create more opportunities to grow and diversify in different directions. As a member of the World Trade Organization, Laos has been actively engaging in the global economic integration. The Lao Government has made legislative amendments in a number of areas, including among other, tax, trade and intellectual property. Furthermore, the Lao PDR has been promoting economic integration through focusing on effective implementation of goods and services commitments at both the WTO and ASEAN levels. Recent progress includes the launch of the Lao Services Portal, which contains information related to trade and investment services; the establishment of a Regulatory Authority for the Telecommunication Sector; and the adoption of sector regulations, in particular the framework for competition, interconnection, licensing regime and spectrum management. To comply with the AEC integration process, the country has been working to reduce the import tariffs on goods imported from other ASEAN countries to zero and remove non-tariff barriers.

The Lao PDR also signed the Greater Mekong Sub-region (GMS) Ha Noi Action Plan 2018 – 2020 and ratified the ASEAN Convention against Trafficking in Persons (TIP), which was ratified on 28 April 2017.

5.5 Priority 5: Structural Economic Transformation

Structural economic transformation is central to the vision of the 8th NSEDP and anchors the Lao Government’s long-term sustainable growth strategy targeting non-resource based industrialization, productive capacity building, and reduced economic vulnerabilities.
The Lao PDR made important progress during the first half of 8th NSEDP implementation. Average annual GDP growth has been around 6.8 percent, just below the plan target. Notably, industrial sector growth surpassed 8th NSEDP targets over the first two plan years though there is likely to be a decrease in 2018 related to the impact of the floods. But challenges to meeting the ambitions of the 8th NSEDP remain. Job creation outside the agriculture sector remains limited and economy wide growth has not significantly altered the composition of employment. Industry is also still dominated by resource-based products and exports are concentrated both in terms of their source and trading partner. The Lao Government recognizes the challenges to the sustainability of its current growth model. Continued efforts to remove growth constraints of the non-resource industrial sector, improve the business environment, increase agricultural productivity, and unlock the potential of the services sector will be important priorities. Strengthening management of the power sector is also critical to ensure quality, efficiency, and safety. This includes a strategic review of existing and new hydropower investments and projects.

5.5.1 Agriculture Sector

The Lao PDR has developed and implemented a number of policies and strategies to ensure national food self-sufficiency and stable agricultural production. These include the promotion of climate-resilient agricultural practices, an Agriculture Innovation System to promote sustainable production for niche markets, the development of technological capacities, storage and warehouses to ensure food security, and a risk reduction fund to help alleviate the burdens of production costs for farmers during agricultural product price fluctuations.

Agriculture forms approximately 70 percent of total employment in the Lao DPR, contributing to about 16.2 percent of GDP in 2017 (BOL, 2017).

**Strategies:** In 2014, to accelerate the efforts on agriculture development, the Lao government formally issued an Agriculture Development Strategy to 2025 and Vision to the Year 2030 to supersede the previous strategy. These two documents put more focus on ensuring food security, producing comparative and competitive agricultural commodities, developing clean, safe and sustainable agriculture and shifting gradually to the modernization of a resilient and productive agriculture economy linking with rural development contributing to the national economic basis.

**Private sector investments:** Realizing quality private sector investment for agriculture is a priority, the Lao Government has initiated dialogues on improving the quality of private sector investment to align this with national goals, specifically in the areas of contract farming, agrobiodiversity, pesticide use and mono-cropping. Some civil society members of the Sector Working Group have published *Voluntary Commitments for Responsible Agribusiness in Lao PDR,* following the 2016 OECD-FAO Guidance for Responsible Agriculture Supply Chains.

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

5.5.2 Industrial Sector

Industrial sector covers 30.9 percent of total GDP growth in the Lao PDR in 2017, seeing the 11 percent growth from 2016 (BOL, 2017).

Hydropower: The growth of industrial sector was largely due to the contribution of electricity generation plants. Ongoing mega investment hydropower projects are the Xayaboury hydropower plant and other dams on Mekong tributaries. Completion of these large scale power projects will boost the Lao economy in 2019. This is the first driving force in the industrial sector.

Construction: The construction materials processing industry is named as the second driving force in the industrial sector, while manufacturing such as the production of consumer goods made only a small contribution to the sector’s growth. The construction materials business is expected to be booming as the demand for cement, bricks and steel is surging as a result of greater investment in real estate. At present, many local and foreign businesses are building shopping malls, and apartments and houses for rent. The surge in this sector has seen the start-up of many construction material processing plants. Manufacturing is one of the four sectors the Lao Government wants to promote. However, this sector is struggling due to stiff competition from foreign partners. The textile and garment industry has also continued to decline.

Despite the achievements, the growing workforce and low productivity has also put the Lao industrial sector in an unfavorable position.

5.5.3 Service Sector

The service sector contributed to 41.5 percent of GDP and contributed to overall growth rate by 1.82 percent in 2017 (BOL, 2017). This share of GDP has steadily increased over time and by that measure, now represents the largest sector of the economy. Wholesale and retail trade as well as repair services has consistently formed the major revenue contribution to the sector.

Most service industries in the Lao PDR are, however, still in their early stage of development and there remains much potential for increasing the contribution to growth and employment through upgrading and modernization. But development of the sector has been constrained in recent years by weaknesses in infrastructure and logistics (e.g., poor quality and high cost) and limited access to finance. Growth of the services sector is also significantly affected by the business environment, and the Lao PDR’s commitment to reform is expected to pay dividends over the rest of the 8th NSEDP period and beyond.

Tourism: The 8th NSEDP prioritizes strengthening the tourism sector as a key driver of development. Moreover, implementation of a sustainable tourism model is critical to increase tourism-related income and employment in the industry (as well as to promote spillovers to other sectors) while simultaneously limiting environmental degradation. The SDGs echo this approach,
calling for countries to devise and implement policies to promote sustainable tourism that create jobs and promote local culture and products (SDG Target 8.9).

Despite measures to promote tourism in recent years such as Visit Laos Year in 2018, the Lao PDR’s tourism revenue remains low compared to other ASEAN countries. Most tourists tend to visit Laos only as a transit/secondary destination rather than as a primary destination. With the Visit Laos-China Year launching in 2019, the Lao Government has set a target of increasing Chinese tourist arrivals.

With the increasing interest in ecotourism, the Lao Government has also recognized the importance of private sector investment and community engagement in developing this sector. Therefore, in the coming years, there would be increasing participation from both domestic and foreign investments in ecotourism. It is also envisaged that Green Growth programs, projects and activities can become engines of growth themselves by evolving into sustainable businesses. This can include those related to green residential area development, clean agricultural production, solar energy investment installation, eco-tourism development and services, and businesses related to sustainable waste management.

The Lao Government is also targeting to enhance hotel and other tourism-related facilities development and access and use of communications technologies. For example, the Lao Government has already strengthened the tourism website and improved information dissemination. As laid out in the 8th NSED, the One District One Product initiative has also been introduced in Lao PDR to promote unique products of different areas of the country to simultaneously appeal to tourists and help enhance livelihoods of communities.

5.6 Priority 6: Means of Implementation

Commitment from the Lao Government is vital to the implementation of the priority areas of VPoA. However, challenges in terms of financing still pose threats to the achievement of VPoA.

5.6.1 Commitment of the Lao Government

The Lao Government has committed to implementing VPoA through integrating it into the national and sectoral strategies. This also sees the set-up of secretariat and VPoA focal points across line ministries. Within the Lao Governmental structure, the relevant ministries also work closely with their local counterparts to implement the priority areas of VPoA that have been mainstreamed into the national and sectoral plans.

5.6.2 Financing

To achieve the priority areas of VPoA and national development goals, Lao DPR will need to maximize strategic allocations of development finance from different sources. The Lao Government estimates that implementing the 8th NSED will require over USD 21.4 billion, as endorsed by the National Assembly in 2016. Some 40 to 49 percent will need to come from foreign and domestic private investment, and another 40 to 49 percent from financial institutions. Government investment is expected to be around 12 to 15 percent, while ODA is expected to
contribute from around 15 to 24 percent of the total. However, in the recent mid-term review of 8th NSEDP, these numbers are still far from reach.

Realizing this shortfall, the Lao Government has devised a mix of strategies for financing the achievement of national goals and priorities. These are as follows:

- Improving the efficiency and effectiveness of domestic public revenues by strengthening planning, budgeting, and budget monitoring systems, examining the allocation of domestic public revenue against national priorities, and increasing social sector allocations to address social inequalities;
- Expanding the Round Table Implementation Mechanism to more comprehensively coordinate and manage other development finance flows, in line with the Vientiane Declaration on Partnership for Effective Development Cooperation (2016-2025);
- Promoting the domestic private sector in Lao PDR through measures to improve the overall business climate, enhance economic diversity and resilience, and promote not only major project investment, but also enable access to finance for micro- and small- and medium enterprises;
- Ensuring that private sector investment is aligned with NSEDP goals and priorities, and reviewing bank lending practices in this context;
- Maximizing the growth potential of FDI by (i) improving investment and trade-related administrative procedures and regulations; (ii) undertaking reforms that enable the Lao Government to better implement the revised regulations; and (iii) using diagnostic tools to map processes and pinpoint inefficiencies;
- Reviewing current FDI themes and incentives against NSEDP requirements, and promoting tourism—especially ecotourism and cultural tourism;
- Sharpening the criteria for Public Private Partnerships to ensure that such a partnership serves a clear and vital public sector purpose in line with the NSEDP;
- Improving monitoring and evaluating mechanisms to ensure data integrity and up-to-date data to better predict the financing needs of NSEDP, VPoA and the 2030 Agenda;
- Implementing a clear strategy on debt, including publicly announced targets on key debt measures for transitioning from an LDC to a middle-income economy;
- Developing Corporate Social Responsibility approaches and partnerships that contribute towards national development goals.

6. Way Forward

As a least developed, landlocked country, the Lao PDR has limited capacity to provide efficient transit services to neighboring countries and promote multimodal transport operation and mitigate the negative impacts caused by the geographical location of the country. Therefore, international
financial institutions and donor countries are requested to continue to make significant contributions to these efforts particularly in the following fields:

- Modernize cross-border management by furnishing necessary equipment and facilities for Customs clearance at the border crossing points to support Single Stop–Single Window Inspections;
- Provide assistance in transferring best practice and disseminating relevant ASEAN & GMS Agreements, its Annexes and Protocols, and MoU to all parties concerned at all levels as soon as possible for the effective and efficient implementation;
- Assist to accede to international conventions and introduce modern information technology;
- Assistance with the urgent extension and upgrading of the transit transport network and its feeder roads;
- Introduce a system for trade and transport data collection, storing, processing and analysis of business entities;
- Strengthen capacity building of the NTFC for better implementing and monitoring of ASEAN, GMS and bilateral agreements;
- Provide assistance in the alignment of trade and transport documentation and harmonization including concerned their rules, laws, regulations and procedures;
- Technical assistance in the introduction of modern telecommunication technology and the improvement of those that Lao PDR is currently implementing such as TradeNet, EDI, EDIFACT, ASYCUDA is urgently required;
- Provide a clear monitoring and evaluation framework of VPoA with clear responsibility on each priority area assigned to relevant line ministries.

7. Conclusion

The mid-term review of VPoA is an opportune time for the Lao PDR to take stock of its progress and challenges. It also provides a platform for the country to highlight the critical challenges that need attention as the country is moving ahead with the commitment to transform itself from a landlocked into land-linked country.

Commitment: The commitment from the Lao Government will continue to play a very crucial role in achieving the priority areas set forth in VPoA. The VPoA focal points in various line ministries working to ensure the seamless implementation of the agenda are essential. The VPoA secretariat also serves as a key institutional body that harmonizes different frameworks to create a coherent implementation of the agenda. The commitment is also attested by the adoption and approval of relevant laws and regulations as well as strategies and action plans to push the implementation of VPoA forward.
**Integration:** The mainstreaming of VPoA into the national and sectoral plans is vital to the implementation of the agenda. This is seen in the localization and integration of the priority areas of VPoA into the 8th NSEDP and various sectoral strategies that have been approved in recent years.

**Human resource:** To achieve the priority areas as highlighted in VPoA, the Lao Government will need to continue to invest on its human resource in all fields. Particularly in the area of logistics, human resources with relevant capabilities need to be beef up in order to materialize the sustainable development of the country.

**Financing:** With the declining in ODA, the Lao Government needs to sharpen its PPPs framework to attract investment from the private sector. The funding towards logistics and infrastructure development needs to be analyzed comprehensively in accordance with relevant sustainable frameworks, resulting in effective utilization of resources.

**Technology improvement:** The Lao PDR has attached great importance to the positive relationship between science and technology, and the sustainable development. In this regard, it will continue to seek supports in terms of technical assistance to build the national capacity to implement and upkeep modern technology that can facilitate the trade promotion in the country.

**Economic sectors:** Agriculture, industrial and service sectors in the country still need holistic support from development partners in terms of technical assistance and responsible investment promotion as it is moving towards sustainable development and green investment.
8. References


