



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

9TH FIVE-YEAR NATIONAL SOCIO- ECONOMIC DEVELOPMENT PLAN (2021-2025)

*(Approved by the inaugural session of the Ninth National Assembly on 22-26 March 2021 in
accordance with the Resolution No. 20/NA, dated 26 March 2021)*

Vientiane Capital

PREAMBLE

The 9th Five-Year National Socio-Economic Development Plan (2021-2025) aims to implement the Resolution of the 11th Party Congress, as well as continue the implementation of the National Strategy on Socio-Economic Development 2016-2025 and Vision 2030 of the Lao PDR. This Five-Year Plan defines a new fundamental direction, creating a turning point in socio-economic development in the coming years. It will ensure that political-ideological factors, the economic system, and the material and technical resources, recognise economic development as the central task of the entire Party and the entire people whilst bringing about with socio-cultural development. This will include the development of human resources, strengthening of public governance and administration, national defence, public security and foreign policy, with the aim of developing the full potential of the country to grow the productive and service sectors in line with the green and sustainable development direction, improving people's well-being, ensuring a well-balanced system for international trade and settlement, and ensuring comprehensive preparations for the country's smooth graduation from the Least Developed Country status.

During this Five-Year Plan period, it will be difficult for the economy to accomplish high growth rates due to the constrained national budget. However, this Plan will continue the implementation of the Four Breakthroughs: the breakthrough in creativity; the breakthrough in human resource development; the breakthrough in improving administrative and regulatory mechanisms; and the breakthrough in poverty alleviation in a more proactive, vigorous, and comprehensive manner. This is aimed at overcoming the obstacles, difficulties and challenges encountered at the end of previous Five-Year Plan period, preventing the possibility of falling into crisis, addressing macroeconomic risks, the high level of debt and low reserves, and supporting comprehensive economic transformation through extensive economic restructuring, enhancing and effectively utilising the country's potential, and ensuring that development efforts move in the direction of quality, focused, green and sustainable growth.

- **Quality:** Quality development is a transformation towards improved efficiency and effectiveness of public investment, public-private partnerships, and domestic and foreign private investment, in line with the direction of socio-economic development goals. Emphasis will be placed on evaluation and prioritisation within priorities, and ensuring that competitive processes are used to select the most qualified enterprises, and continuous monitoring of implementation is in place. This also will also require transforming and enhancing the competitiveness of production of goods and services to international standards, and creating a skilled and disciplined workforce that meets market demand and is capable of applying modern scientific and technological research as a driving factor for sustainable development in the age of Industry 4.0.

- **Focused:** Focused development involves developing the distinct potential of different sectors and regions to be an engine of national development. Public investment in provinces will be targeted in line with their potential, focusing on building the infrastructure needed to facilitate private sector investment and poverty alleviation. This will include encouraging private investment in the production of high-potential commodities, especially in agriculture and agro-processing, handicrafts, tourism, and logistics services, such as dry ports and others, in the provinces with the railway passing through, and using Official Development Assistance for targeted development purposes.

- **Green:** Green development is efficient, effective, and sustainable development protects the environment, and manages and optimises limited natural resources for maximum economic benefits, which will help reduce poverty and improve living standards in an inclusive and equitable manner,

while reducing pollution, waste and greenhouse gas emissions, as well as reducing the risks and vulnerabilities of the economy to natural disasters and economic volatility.

- **Sustainable:** Sustainable development ensures that economic development goes hand in hand with socio-cultural development in order to stabilise the economy, diversify production to meet the needs of society [import-export], alleviate poverty, improve the quality and sustainability of the social sectors, as well as protect the environment by encouraging the participation of all sectors of society, and ensuring inclusive, equal and equitable benefits, and thereby moving towards self-sufficiency and self-reliance.

The overall directions of the 9th Five-Year National Socio-Economic Development Plan (2021-2025) are to: (1) Continue to comprehensively prepare to lead the country out of Least Developed Country status; provide people with decent jobs, and improve living standards, with inclusive, equal and fair access to benefits; ensure political stability, building a peaceful, united, democratic, just, civilised and orderly society; and achieve socio-economic development by striking a balance between economic and social development and environmental protection, effectively implementing the National Green Growth Strategy, and progressing towards the Sustainable Development Goals; (2) Achieve breakthroughs in overcoming weaknesses, shortcomings and challenges to development, address financial and monetary difficulties effectively, and increase preparedness to deal with emerging challenges, such as the impact of the COVID-19 pandemic, climate change and international and regional uncertainties; (3) Develop quality human resources as an important factor in promoting socio-economic development; create quality economic growth by reforming the economic structure in each sector and region; and enhance the factors that promote the potential of the country, using appropriate information and communication technologies (ICT), to create opportunities and to bolster key production and service sectors, serving as an engine for growth to gradually build a strong foundation for economic strength and self-sufficiency.

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PART I:

IMPLEMENTATION ASSESSMENT OF THE 8TH FIVE-YEAR NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN (2016-2020)

Near Final Draft

PART I: IMPLEMENTATION ASSESSMENT OF THE 8TH FIVE-YEAR NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN (2016-2020)

I. STATUS OF IMPLEMENTATION OF THE 8TH FIVE-YEAR NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN (2016-2020)

1. OVERALL CONTEXT OF THE 8TH NSED

1.1. INTERNATIONAL CONTEXT

The implementation of the 8th Five-Year Plan took place during a time of enormous regional and global challenges, including: 1) economic and political instability in many countries; 2) fluctuations in global oil and food prices; 3) trade conflicts between the superpowers; and 4) an increase in natural disasters in the region and outbreaks of diseases. These issues had both direct and indirect impacts on socio-economic development of many countries.

Global economic growth ranged between 3.2% and 3.6% between 2015 and 2017, before slowing to 2.8% in 2018. The world continued to be in a state of rapid and complex changes, including the ISIS war in the Middle East, refugee crisis, and developments on the Korean Peninsula and South China Sea, among others. Moreover, the outbreak of the coronavirus disease (COVID-19) that has spread worldwide, with the World Health Organisation (WHO) declaring it a global pandemic in early 2020. This pandemic is expected to have a devastating effect on people's lives and the economies of many countries around the world. As a result of the pandemic, in 2019, the global economy contracted by 3.2%. In 2020, the IMF estimates that at the global level the economy rebounded with growth of 6%, but the recovery remains very uneven and a high level of risks persists.

During the initial phase of the 8th Five-Year Plan period, global commodity prices fell significantly, before rising again in 2017 and 2018. In particular, copper prices fell by 30% from USD 6,863 per tonne in 2014 to USD 4,808 per tonne in 2018. The World Bank estimated that copper prices will be around USD 6,816 per tonne in 2019 and USD 6,833 per tonne in 2020. Similarly, oil prices saw significant declines during the first half of this Five-Year Plan period, falling from USD 96 per barrel in 2014 to USD 43 per barrel in 2016. By 2018, oil prices had recovered to USD 65 per barrel and were expected to remain at this level, or slightly lower, in 2020 as a result of the outbreak of COVID-19.

1.2. LOCAL CONTEXT

The implementation of the 8th Five-Year National Socio-Economic Development Plan (2016-2020) experienced a number of difficulties and challenges, such as fiscal and monetary issues and floods and droughts in some areas, which particularly affected economic growth in the first year of the Plan (2016), leading to growth of 7% , below the target of 7.5%. Reflecting this reality, the Government proposed to the National Assembly to revise some targets for the remaining four years (2017-2020), including adjusting the average economic growth target from 7.5% to 7.2%. During the 2017-2020 period, the socio-economic development of the country continued to encounter

difficulties that had accumulated over the years, leading to macroeconomic vulnerabilities, such as debt problems and fiscal deficits, resulting in declining annual growth rate during 8th Five-Year Plan period. Furthermore, disasters including typhoon Son-Tinh in 2018, the collapse of the saddle dam in Xe-Pien Xe-Nam Noi in Attapeu Province, tropical storm Bebinca, and severe flooding in 2019 affected national socio-economic development. In addition, there were outbreaks of animal and plant diseases and pests in several provinces which caused considerable damage to production and property of the people, particularly the outbreak of the African swine fever in 2019. Since the end of 2019, Lao PDR has been severely affected by the COVID-19 pandemic. As a result, the economic growth target for 2020 has been adjusted from 6.5% to 3.3%-3.6%. This is expected to bring the average growth rate of the 8th Five-Year Plan to only 5.8%, lower than the target of 7.2%.

Nonetheless, over the past five years, under the close guidance and leadership of the Government, combined with the high level of commitment of sectors, local authorities and the Lao people, and the support of strategic partner countries and development partners, the socio-economic development of the country, despite the many difficulties and challenges, has been able to withstand the challenges and avoid economic recession, while also ensuring production and improved livelihoods of the people. This has been demonstrated by the continuation of large-scale investment projects in different sectors, such as the Laos-China railway project, the Vientiane-Vang Vieng expressway project, energy and mining projects, Special Economic Zone development projects, and tourism development projects. This has provided an important starting point for the transition from reliance on natural resource exploitation to utilizing all of the nation's potential through green and sustainable development. Moreover, modernisation and the use of technological achievements has fostered a new positive environment for development opportunities. Reflecting these achievements, the country met all three criteria – Gross National Income (GNI), Human Asset Index (HAI), and the Economic and Environmental Vulnerability Index (EVI)– to be eligible to graduate from Least Developed Country (LDC) status during the United Nation's 2018 triennial review. Overall, the country was able to maintain and promote strong social order and stability, and achieve a decline in poverty levels, as demonstrated below.

2. ACHIEVEMENTS OF THE IMPLEMENTATION OF THE 8TH FIVE-YEAR NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN (2016-2020)

The evaluation of the implementation achievements of the 8th Five-Year Plan (2016-2020) has been based primarily on the target figures set out in the National Assembly Resolution No. 014/NA on the Adoption of the Amendment to the Macro-Figures for the 4-Year Plan (2017-2020) of the National Socio-Economic Development Plan, the 8th Five-Year State Budget and Monetary Plans (2016-2020), and the Monitoring and Evaluation Framework of the 8th Five-Year Plan in order to provide an objective evaluation of achievements, shortcomings, constraints, and lessons.

2.1. Outcome 1: Sustained, Inclusive Economic Growth with Economic Vulnerability (EVI) Reduced to Levels Required for Growth Support

(1) Output 1: Sustained and inclusive economic growth

Over the five-year period 2016-2020, the national economy continued to grow steadily, with an estimated average rate of 5.8% per year (2016: 7.02%; 2017: 6.9%; 2018: 6.3%; 2019: 5.5%, and in 2020 growth was estimated at 3.3%). However, the overall economic growth rate continued to slow and fell short of the target set out in the Plan (target: 7.2%), with the agriculture sector growing

by an average of 2.1% (target: 3.4%), the industrial sector by 9.1% (target: 9.3%), the service sector by 4.8% (target: 8.1%), and the tax and customs sector by 5.2% (target: 5%). The main drivers of economic growth came from the industrial sector, particularly power and construction. Wholesale-retail and the finance and insurance sectors grew reasonably well, but their contribution to the economy was low.

The main reasons for the slowdown in economic growth, and the resulting inability to meet targets, were the downward trend in the agricultural sector and the impact of natural disasters, the mining sector's declining trend during 2017-2019, and the slow growth of the processing industry. At the same time, the growth of the service sector has been declining, particularly in the areas of accommodation services and restaurants related to tourism. In addition, Lao economic growth has slowed down in line with the overall trend of regional and international economies and major trading partners, which have also been declining. Factors contributing to the decline include the effects of natural disasters such as floods, and the outbreak of COVID-19. Another important factor was the shift to increase production and export of non-natural resource goods, to promote the production of agro-processing industries, electronic components, electronics, and services related to tourism. At the same time, the Government has tightened enforcement of laws, such as curtailing the illegal export of timber. This has slowed down the Lao economy slightly, but this has provided a better quality growth, shifting to a more efficient and sustainable production to create a viable basis for further growth.

Overall, economic growth over the past years has relied heavily on the natural resource sector, but such growth is unsustainable. However, the economy has begun to shift toward the higher-quality processing and service sectors, which are linked to job creation and people's income generation in a more sustainable direction.

- Gross Domestic Product (GDP) per capita increased from USD 2,025 in 2016 to USD 2,654 in 2019 and is expected to increase to USD 2,664 in 2020 (target: USD 2,978). Gross National Income (GNI) per capita reached USD 2,106 in 2020 (National Assembly (NA) approved target: USD 2,354).

- The economic structure has not yet shifted towards industrialisation and modernisation, which can be noted in the share of the agricultural sector in the economic structure which has decreased from 15.8% in 2016 to 16.6% in 2020 (target: 16.80%); while the share of the industrial sector decreased from 33.7% in 2016 to 33% in 2020 (target: 39%) and the share of the service sector decreased from 40.3% in 2016 to 39.5% in 2020 (target: 35.4%).

- The production and services of goods show the potential to grow and yield benefits as follows:

- Agricultural sector: Agriculture has seen considerable progress, but due to natural disasters affecting production, the yield of some crops declined- the 5-year average rice production was 3.7 million tonnes per year (2016: 4.14 million tonnes; 2017: 4.05 million tonnes; 2018: 3.27 million tonnes; 2019: 3.53 million tonnes; and 2020: 3.5 million tonnes (target: 4.35 million tonnes/year)). Nevertheless, rice production has been able to meet domestic consumption needs, with reserves, and surpluses for sale. Livestock production saw strong growth, especially cattle rearing, which increased from 1.92 million cattle in 2016 to 2.18 million cattle in 2020, and fish farming increased from 164,000 tonnes in 2016 to 207,000 tonnes in 2020.
- Industrial sector: The industrial sector continued to grow. In the past 5 years, the value of industrial and handicrafts production reached LAK 52,728 billion, an average increase of 9.2% per year (target: 15% per year). However, its growth trend has slowed year-by-year (2016: 15.07%; 2017: 15.38%; 2018: 10.68%, 2019: 8.39% and 2020: 3%). The processing industry is mainly manufacturing to meet the needs of the domestic market, such as food processing, beverage, and construction materials (cement, rebar, structural

steel, PVC pipes, paints, and plastics). The manufacturing industry for export under trade privileges includes clothing and footwear, and electrical and telecommunication parts and equipment, which are manufactured in Special Economic Zones and industrial estates. The agro-forestry industry includes the production of cassava starch, coffee, sugar, rubber, and paper from trees. Electricity generation (5-year cumulative figure) is estimated to have reached 161,923 million kWh, an average increase of 19% per year due to the completion of 52 power projects, with a total installed capacity of 4,718 MW, generating 22,933 GWh. Outstanding power projects include Xayaboury dam, Hongsa coal-fired power plant, Don Sahong dam and Nam Ou 5 dam. Mineral production reached USD 7.53 billion and the export value of minerals was estimated at USD 6.66 billion, but production declined due to diminishing production in some projects. The Government has temporarily suspended mining concessions in order to improve policies and regulations to ensure national interests and to manage environmental impacts. Lower mineral prices have also disincentivised production. The value of exports reached USD 26,429 million, an average increase of 10.4% per year, lower than the Plan (target: 15% per year), of which exports of processed industrial goods accounted for 43% of total export value. The value of exports of the Special Economic Zones is estimated at USD 1.81 billion (most notably the Savan-Seno Special Economic Zone and the Vientiane Saysettha Development Zone), and the trade openness ratio (excluding services) reached 61.5% (target: 70%).

- **Service sector:** The service sector has grown continuously and accounts for the largest share of GDP. The value of flow of goods reached LAK 285,153 billion, an average increase of 10.2% per year, though lower than the Plan (target: 12% per year). The average number of tourists visiting Lao PDR is 2.64 million per year (NA approved target: 6 million tourists per year), with 4.23 million tourist arrivals in 2016, 3.86 million in 2017, 4.18 million in 2018, 4.79 million in 2019, and 0.88 million in 2020, which is a decrease of 81.49% compared to year 2019, generating an average of USD 673 million in tourism revenue (NA approved target: USD 953 million). The reason for the shrinking number of tourists in 2020 was the COVID-19 pandemic, which caused airlines around the world to suspend travel and services. According to the United Nations World Tourism Organisation (UNWTO), international tourism fell by 74% in 2020 or a fall from 1.5 billion international tourist arrivals in 2019 to around 381 million, representing a loss of an estimated USD 1.3 trillion in international tourism expenditure globally. Asia and the Pacific suffered a decrease of 84% in international arrivals or a drop from 630 million to 57 million international tourist arrivals, and an estimated 114 million jobs were lost in 2020. Lao PDR is facing unemployment in the tourism sector, with about 22% of the urban workforce. In addition, revenue from the tourism sector is expected to be significantly reduced, with many tourism businesses, including hotels, guesthouses, and restaurants unable to do business and so terminating their services.

(2) Output 2: Macroeconomic stability

- **Fiscal performance:** The Government has focused on reforming public financial management systems, including the formulation of the Vision 2030 and the Public Finance Development Strategy 2025, by improving fiscal policy, establishing and improving financial sector legislation, reforming the revenue collection management system, reforming the expenditure management system, modernising the financial sector, optimising organisation and personnel, and strictly implementing budget savings measures in accordance with the Prime Minister's Order 09/PM, which has resulted in an increase in revenue collection each year. This enabled a total revenue collection of LAK 120,672 billion, equivalent to 98.4% of the target (revised each year), an average of 15.9% of GDP (revised target: 18.6% of GDP). Total expenditures reached LAK 150,633 billion, equivalent to 95% of the target (revised each year), an average of 19.8% of GDP (revised target 23.3% of GDP). The

average five-year budget deficit was 3.9% of GDP (revised target: not more than 4.23% of GDP). One particular reason for under-collection of revenue as planned is the underperformance of revenue collection from the natural resource sector as a result of the sharp fall in the price of minerals and crude oil in the global market. Moreover, a large number of business entities are yet to implement the value-added tax (VAT) system, and among those businesses that have entered the system, many have not yet fully implemented the VAT declaration process in accordance with the law. Some sectors and localities have not yet addressed the management of revenue collection as much as they should have, particularly the fees and service charges, and management of administrative revenues and expenditures and the various funds also need to be improved. The low level of awareness of compliance with financial law and discipline among some financial staff, including a number of sectors and localities is an important issue. Moreover, there has been limited expansion of the revenue base, with the main focus remaining on the management and efforts to fully extract from existing sources of revenue in accordance with the law. With regard to expenditures, the administration and management of expenditures have not been effective, and the implementation of the government's austerity policies and the Law on Public Procurement and the Law on Public Debt Management has not been strictly enforced, while public investment budget allocation lacks focus and investment has not been cost-effective.

- Monetary policy performance: The Bank of Lao PDR (BOL) has implemented monetary policies using indirect policy tools such as BOL's base interest rates, requirement reserve ratio, and open market operations (OMOs) in conjunction with the implementation of exchange rate policies under a managed market mechanism. Additionally, focus has been put on the management of foreign currency in strict accordance with regulations, such as the management of inflows and outflows of capital through the banking system, and monitoring the activities of exchange bureaus under the management of BOL, coordinating with relevant parties to limit and prevent foreign exchange business activities that do not comply with rules and regulations, and encouraging commercial banks to expand their service network, create new products and modernise services to promote payments through the banking system and reduce reliance on cash.

- Inflation: In the past five years, inflation averaged at 2.57% per year, which was in line with the Plan's objective (NA approved target: to remain below the economic growth rate). However, from mid-2019, inflation rose sharply from 3% in July 2019 to 6.94% in January 2020, 6.21% in February 2020, 6.14% in March 2020, 5.28% in June 2020, 5.12% in July 2020, 5.84% in August 2020, before starting a downward trend to 4.63% in September 2020, 3.63% in October, 2.84% in November 2020 and 3.19% in December 2020. During the period 2016-2020, the highest increases were in the prices of food and non-alcoholic beverages averaging at 3.73%, clothing and footwear price increases averaged at 3.61%, health care prices increased by 2.25%, home appliances prices increased by 1.99%, and post and telecommunications prices increased by 1.42%. The main factors contributing to a rise in inflation were the impact of natural disasters on production and services, leading to increased prices of vegetables and meat. Moreover, domestic production has not met the needs of society. Most consumer goods are imported and commodity prices have increased due to the depreciation of the Lao Kip.

- Exchange rate: The Lao Kip (LAK) exchange rate against major foreign currencies has fluctuated within the target band (target: $\pm 5\%$ percent): during 2016-2020, the LAK depreciated against USD by an average of 2.75% (LAK depreciated against USD in 2016 by 0.36%; 2017 by 2.03%; 2018 by 1.56%; 2019 by 3.59%, and 2020 by 6.23%). Meanwhile, LAK depreciated against Thai Baht (THB) by an average of 5% (LAK against THB in 2016 appreciated by 3.27%; 2017 depreciated by 5.68%; 2018 depreciated by 6.86%; 2019 depreciated by 7.59%, and in 2020 depreciated by 8.15%). The depreciation of the Lao Kip is because Lao PDR has had a continuous trade deficit with other countries. Domestic production has been weak and insufficient to meet demand, whilst both the USD and THB strengthened in global markets.

- Money Supply (M2): M2 money supply has increased in line with the pace of economic growth, on average at 13.48% per year (NA approved target: not more than 24% on average). This was due to the slowdown in credit growth in line with the overall business climate combined with the impact of government debt.

- Foreign exchange reserves: Foreign reserves were sufficient to cover on average 4.26 months of imports (NA approved target: more than five months). Foreign reserves in 2016 covered 5.26 months of imports; 2017: 4.39 months; 2018: 3.23 months; 2019: 3.59 months, and 2020: 4.81 months.

- Non-Performing Loan (NPL) ratio: During 2016-2020, the non-performing loan ratio averaged 3.08% of the total credits (target: not more than 3%). Non-performing loans are mainly linked to public investment projects.

- The ratio of outstanding commercial bank deposits to Gross Domestic Price at current price recorded 50.67% in 2016, 52.16% in 2017, 51.99% in 2018, 57.73% in 2019 and 64.43% as of December 2020.

- Outstanding credit balance of banking sector as of December 2020 registered at 48.76% of GDP, of which commercial banks' credits by sector: industry 27.42%, construction 14.34%, materials and techniques 1.13%, agriculture and forestry 7.65%, trade 19.12%, transport-post 1.87%, service 13.26%, handicraft 1.34% and other sectors 13.87%.

- Import-export: reached USD 52,976 million, of which export was USD 26,429million and import USD 26,547 USD, resulting in trade deficit of USD 118 million.

(3) Output 3: Integrated development planning and budgeting

Investment mobilisation was estimated to amount to LAK 169,744.6 billion, equivalent to 97.9% of the plan (NA approved target: LAK 173,329 billion) or equal to 26.9% of GDP, of which:

- + State budget investment was estimated at LAK 17,099.9 billion, equivalent to 10.1% of total investment (NA approved target: 12-15%).
- + Investment from Official Development Assistance (ODA) reached about LAK 29,666.1 billion, equivalent to 17.5% of total investment (NA approved target: 15-24%).
- + Domestic and foreign private investment was estimated at LAK 86,127.6 billion, equivalent to 50.7% of GDP (NA approved target: 40-49%).
- + Bank credit investment was estimated to reach about LAK 36,851 billion, equivalent to 21.7% of total investment (NA approved target: 21-23%). Total credit growth in 2016 reached LAK 10,876 billion; 2017: LAK 7,800 billion; 2018: LAK 8,763 billion; 2019: LAK 9,788 billion, and 2020: LAK 10,500 billion.

Funding for the implementation of this Five-Year National Socio-Economic Development Plan did not reach the planned target due to many challenges, such as: investment from the state budget that declined year-by-year, the actual investment was not as targeted as it should have been, and there have been breaches of planning and financial discipline that have resulted in liabilities. In the future, attention must be paid to the integration of planning, financing, and budgeting, and monitoring and evaluation, as well as systematic and continuous public finance management (PFM) reform, ensuring that budget allocation is in line with the development priorities; and expenditure planning must be based on available revenue and in line with the approved budget, with continuous and regular monitoring and evaluation.

Over the past years, the Government has made great efforts to improve the investment climate by issuing Order No. 02/PM on Improving Regulations and Coordinating Mechanism for Doing Business in Lao PDR, Order No. 12/PM on Facilitation of Import and Export, Border Crossing, Temporary Import and Movement of Goods in Lao PDR, and Order No. 03/PM on the Improvement of Services Related to the Issuance of Investment and Business Licenses. However, Lao PDR's ranking in the Ease of Doing Business Index has deteriorated from the 134th place in the beginning of 2016 to 154th in 2020. Improvements in some of the 10 indicators have been delayed, such as applying for investment licences, which still takes a long time and exceeds the time required by law, averaging more than three months in the controlled business activities (8 business days according to the law) and more than six months in the concession activities (30 business days according to the law). The ranking of the "Starting a Business" indicator, in relation to procedures and costs, has not improved (181st position out of 190 countries), which is an obstacle to promoting the development and expansion of private investment to be able to compete and integrate effectively regionally and internationally. Delays have also been recorded in the consideration of issuing business operating licenses, granting customs duty and tax exemption policies for enterprise import plans, accessing electricity, receiving construction permits and others. Indicators requiring urgent attention include: enforcing contracts and judgement (particularly reducing the amount of time spent on case mediation and improving the quality of the justice system), protecting investors (especially corporate transparency), and the ease of procedures to pay taxes.

(4) Output 4: Balanced regional and local development

The Party and the Government have placed high importance on local socio-economic development by promoting policies and providing technical and financial support for the implementation of the goals and priority targets of the provinces according to the potential of each locality. This has enabled continuous economic growth and improvement in living standards, as shown below:

- Northern region: The economy has continued to grow consistently, with growth averaging 7.95%, and GDP per capita in 2020 reaching LAK 15.11 million. The region has focused on agricultural production in areas with outstanding potential for rice cultivation in Luang Namtha, Bokeo, Sayaboury and Vientiane Provinces, tea cultivation in Phongsaly, and banana, cassava, and maize cultivation in Oudomxay, Huaphanh, Sayaboury and Vientiane Provinces; as well as promoting the raising of large livestock and grass planting in Xieng Khouang. In the industrial sector, key initiatives include the completion of the Hongsa lignite-fired power plant and Sayaboury hydropower project. The processing industry has begun to grow, with the establishment of tea processing plants in Phongsaly, rubber processing plants in Luang Namtha and Oudomxay, wood processing plants in Luang Prabang, Sayaboury and Xieng Khouang; and a large number of One District One Product (ODOP) production groups, with the most prominent products being buttered banana chips in Sanakham District, turmeric compounds in Tholakhom District, salted buffalo dried skin in Sayaboury Province and others. In terms of services, tourism in particular has improved thanks to two World Heritage Sites (Luang Prabang city and the Plain of Jars), as well as famous natural tourism sites such as Namkat Yorla Pa in Oudomxay Province. Infrastructure has been significantly renovated, such as the improvement and upgrading of Route 3 (R3) road and the Kasi-Muang Nan road, the Laos-China railway construction project, and the completion of the construction of the Vientiane-Vang Vieng expressway; development of Bounneua District, Phongsaly Province, development of Kuan District, Houaphanh Province; construction of three priority roads in Xaysomboun Province, Hongsa-Chomphet road construction project, Paklai-Thongmixay road construction project, Xienghon-Ngeun District road construction project, Hin Herb-Sanakham strategic road construction project and others.

- Central region: The region is an economic, political, and socio-cultural centre. In the past five years, the growth rate averaged 8.39%, with a GDP per capita in 2020 of about LAK 28.7 million. Agricultural production has the highest growth potential, including the cultivation of Homsavanh fragrant rice, organic rice for export, sweet corn, sugarcane and cassava in Savannakhet, Khammouane and Bolikhamxay, and organic crops and vegetables cultivation in Vientiane Capital. The industrial sector has seen an increased number of processing plants such as tapioca factories in Bolikhamxay Province and modern rice mills in Savannakhet Province; minerals such as: iron, tin, lead, limestone, potash-magnesium salt, barite, gypsum, zinc, bismuth, tellurium and others in Khammouane Province and Vientiane Capital for domestic supply and export. Infrastructure has been extensively improved and renovated, with the most prominent projects including the Xebangfai plain irrigation system construction and improvement project, Huay Tha Hao irrigation system, the completion of concrete road construction from Sikeut to Tan Mi Xay, road development from Xaychamphone District to the Thang Thuy border, Viet Nam, municipal road construction in Paksan District (Nos. 1, 2, 3, 4), construction of concrete road in Kaisone Phomvihane city, construction of double-layer asphalt-paved road on the National Highway 1G to the border of Saravan Province, and upgrade and repair of National Highway (Route 9) for transportation and freight traffic.

- Southern region: The region has agricultural production potential, with an average economic growth rate of 7.13% in the past five years and a 2020 gross domestic product per capita of LAK 18.47 million. Agriculture focused on growing potential food and commodity crops, mainly coffee, cassava, cashew nuts and passion fruits, as well as contract farming, such as planting cabbage, bananas, maize, and passion fruits in Champassak, sugarcane and chilli in Phu Vong District, bamboo shoots in Tha Teng District for export to Viet Nam, and sticky rice and white rice in Saravan Province. The industrial sector has established a Special Economic Zone in Champassak. In addition and investment has now been approved in the Pakse-Japan SME Special Economic Zone, Sithandone Special Economic Zone, and Vang Tao-Phonthong Economic Zone, which could boost job creation and production. The most prominent manufacturing industries are food and beverage processing, wood processing, minerals, chemicals, and construction materials and office supplies. In terms of infrastructure, considerable achievements have been made, such as the Sedone 3 concrete bridge construction project, NR9 North to NR9 South concrete road expansion project, construction of asphalt road 14 (from Khop to Dontalat road, Sukhuma district), construction of Wang Tao international checkpoint, Phonethong District (Lao-Thai border), road construction along the eastern side of the Savannakhet-Saravan-Sekong border, construction of mixed red dirt road from Pasom village to Thongsa village, Ta-Oi District; construction of access road to Phouphasouk tourist site in Saravan Province, construction of Sekong river-crossing bridge, a river embankment construction project in Sekong village, Samakkhixay District, construction of double-layered asphalt Road 1J, Attapeu Province, and completion of Route 15A, Route 16B road construction (Sekong-Dakcheung), which has facilitated people's mobility and trade efficiency.

Overall, despite the good progress and achievements in many aspects of regional and local development, economic progress has not been sufficiently systematic, in particular the production, service and trade of agricultural products and other commodities have not yet operated as a coherent value chain between villages, districts and provinces and the Capital city.

(5) Output 5: Improved public/private labour force capacity

The Government has made strong efforts to develop quality skilled labour to meet the needs of socio-economic development through various activities, such as: the completion of the development of national skills standards in five skill areas (target: 25 skill areas); 9,582 people, of which 3,145 were women, equivalent to 76.66% of the plan (target: 12,500 people), have been tested and issued certificates of skills in accordance with the national skill standards in three sectors: agriculture, industry and services. Two national skill competitions have been organised in seven occupations, with a total of 131 participants, equivalent to 40% of the target. Efforts were also made

to support skill development institutes, schools, public and private vocational training centres, labour units, and relevant authorities in training and developing skills for a total of 419,264 people, 184,556 of whom were women, equivalent to 64% of the plan (target: 658,000 people). Efforts were also implemented to promote collaboration with both public and private sector employment agencies to supply labour to domestic and international labour markets, a total of 559,533 people, including 243,120 women, equivalent to 78% of the plan (target: 716,193 people), of these, 251,974 people, including 82,966 women, were recruited within the country, and 307,559 workers, including 160,154 women, were sent to work abroad, including Lao workers with formalised status in Thailand.

The results of the Lao Labour Force Survey 2017 show that the working-age population amounts to 4.7 million (estimated population 6.9 million), of which 1.95 million are economically active, accounting for 40.8% of the working-age population. Of these 1.75 million were employed, and the unemployment rate stood at 9.4%. In 2020, businesses and industrial plants abroad and within the country were affected by the COVID-19 pandemic, and as a result, Lao migrant workers returned home and a large number of domestic workers were laid off, raising the unemployment rate to 20%.

In terms of employment by sector (1.75 million employed people): Agriculture, forestry and fisheries accounted for 35.8%, trade (wholesale and retail) accounted for 21.4%, manufacturing accounted for 9%, electricity and mining accounted for 0.7% and 0.5% respectively, and other sectors accounted for 32.6% of total employment.

Overall, despite the active implementation efforts in labour skill development and job creation, labour efficiency has changed little. Training and application in practice, as well as public and private investment in skills development, are still limited and often without focus on specific occupational development. Moreover, skills development and manpower supply have not been able to meet the needs of key sectors and large-scale investment projects. The electricity and mining sectors are main contributors to economic growth, but job creation in these sectors is limited. The population outside the formal labour force still accounts for the majority, particularly in rural areas where occupational change and productivity have been limited.

(6) Output 6: Develop entrepreneurs, technical experts and professionals

The Government has attached great importance to human resource development and skills in various occupations in order to contribute to socio-economic development efficiently and effectively by focusing on improving the curriculum and creating opportunities for vocational education, such as: improving the curriculum for undergraduate vocational teachers in three fields (electrical technology, mechanical technology, and civil engineering) and developing and improving courses in various fields, including factory mechanics, small mechanical repairs, construction, carpentry, agriculture and livestock husbandry. To date, there are 25 public vocational education institutions including one institutes, one development centre, 11 colleges, and eight integrated technical-vocational schools, three technical-vocational schools and one vocational school. The establishment of these education institutions indicate that the targets of The Five-Year Plan have been met. At the same time, allowances and other incentives have been introduced to encourage general education graduates to enter vocational education, which has resulted in an increase in the number of students enrolled in vocational education every year. In the 2019-2020 school year, 3.8% of lower secondary school graduates entered vocational education and 18.04% of upper secondary school graduates entered vocational education.

In addition, the Government has attached importance to the strengthening of small and medium sized enterprises (SMEs), focusing on the implementation of the seven policies and 43

measures, projects and activities of the SME Development Plan, as follows: (1) Promoting and increasing productivity, technology, and innovation; (2) Promoting access to finance; (3) Promoting business development advisory services; (4) Promoting market access and expansion; (5) Creating and developing new entrepreneurs and enterprises; (6) Creating an enabling environment for business establishment and operation; and (7) Tax-customs and finance policy. Notable achievements include providing advisory support, training, and monitoring and evaluation of Good Manufacturing Practices (GPM) support to rice mill groups; and certifying quality management system (ISO 9001) and food safety system for the Vern Kham salt factory; creating opportunities for SMEs to access banks with SME funds as well as loans from China through commercial banks; establishing four SME service centres in four provinces (Vientiane Capital, Luang Prabang, Savannakhet, and Champassak) to provide various services; and completing the development of the www.plaosme.com website to improve market access through an online trading platform. Through the implementation of these policies, many SMEs have improved the efficiency and quality of their business and have been able to better access local and international markets.

Overall, even though the Government has implemented many important policies to promote and strengthen SMEs, there remain barriers to accessing business services, technology and financial services, particularly accessing loans without collateral. At the same time, business entities themselves need to improve their operation in many respects, such as having feasible and reliable business plans, effective management, and improvement of accounting and financial reporting system to allow for better access to more sources of finance. In addition, it is necessary to encourage and support Lao businesses to use and leverage opportunities from greater openness and regional and international integration.

(7) Output 7: Regional and international cooperation and integration

Lao PDR's international relations and cooperation have made significant progress, particularly bilateral cooperation with Viet Nam, China, Luxembourg, France, Thailand, Australia, Switzerland, the Republic of Korea, and Japan. Some of the most notable achievements include the exchange of visits at all levels with Viet Nam, the signing of the Master Plan on cooperation for developing the "One Belt One Road" between Lao PDR and China, the Laos-China railway construction project, and the signing of a financial cooperation framework agreement between the Governments of Lao PDR and Switzerland. Multilateral cooperation has been implemented in line with the framework of various cooperation plans, including the signing of cooperation agreement between the Government of Lao PDR and the Food and Agriculture Organisation (FAO), review of cooperation programmes between the Lao Government and the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), and the United Nations Population Fund (UNFPA), and other agencies. Cooperation with international financial institutions has continued to make progress, and cooperation policies have been improved to ensure sustainable development.

Regional and international economic integration has seen good progress and achievements:

- **Bilateral Trade Cooperation Framework:** Lao PDR has trade relations with more than 60 partners around the world and has signed bilateral trade agreements with 15 countries. There are two Free Trade Agreements (FTA): the Laos-Vietnam Trade Agreement and the Trade Relations Agreement between Lao PDR and the United States. On the basis of strengthening and consolidating trade relations with existing strategic partners, Lao PDR also further pursues trade relations with potential trading partners.

- **Multilateral Trade Cooperation Framework:** Achievements include the improvement and drafting of more than 100 pieces of legislation, reducing tariffs for 1,032 items (out of a total of 10,600 items negotiated); establishment of a Trade in Services Enquiry Point, which is available on the Laos Services Portal website containing information related to trade and investment in services

in Lao PDR; promulgation of the law on protection from the impact of imports under the WTO provisions, completion of the ratification process of the Trade Facilitation Agreement (TFA) and the Protocol amending the Trade Related Aspects of Intellectual Property Rights (TRIPS), and Notification Submission to the WTO Secretariat on acceptance of the Code of Good Practice under the Technical Barriers to Trade (TBT) Agreement; completion of the drafting of Decision on trading rights of foreign traders in the import and export of goods; and completion of the notification of categories B and C designations of the WTO Trade Facilitation Agreement provisions.

- **ASEAN Cooperation Framework:** Achievements include the completion of the signing of Free Trade Agreements with six Dialogue Partners: China, the Republic of Korea, Japan, Australia, New Zealand and India aiming to enhance trade integration between ASEAN and its Dialogue Partners in the global economy on the basis of ASEAN centrality; completion of the ratification of the ASEAN-India Investment Agreement; signing of the First Protocol to amend the ASEAN Trade in Goods Agreement (ATIGA) so as to implement the ASEAN-Wide Self-Certification (AWSC) scheme related to goods origin, the Protocol to Implement the 10th Package of Commitments under the ASEAN Framework Agreement on Services (AFAS 10), and the ASEAN Agreement on Electronic Commerce, completion of the Regional Comprehensive Economic Partnership (RCEP) negotiations; and signing of the ASEAN Trade in Services Agreement (ATISA) and the Fourth Protocol to Amend the ASEAN Comprehensive Investment Agreement (ACIA).

- **Sub-regional Cooperation Framework:** Good progress has been made in sub-regional cooperation, in particular: the Asia Pacific Trade Agreement (APTA) has completed the fourth round of tariff concession negotiations and continued negotiations on trade in services, investment and trade facilitation; the Cambodia-Laos-Vietnam Development Triangle Area (CLV-DTA) negotiated the Agreement on Trade Promotion and Facilitation in the CLV-DTA and prepared the Action Plan for the implementation of this Agreement; and progress has been achieved in the implementation of the Mekong-Lancang Cooperation framework and other sub-regional cooperation frameworks.

- In terms of transport infrastructure integration and connectivity, there has been progress and achievements, such as the completion of the construction of 6A Hanglong-Sopbao road project, 6B Sopbao-Pahang road construction project, Ban Huak-Muang Khob-Pak Khob-Kon Teun road construction project, Hongsa-Xiengman road construction project, Road No. 9 repair project from Savannakhet to the Vietnamese border, Wattay International Airport Terminal Expansion project, Thalao-Sam Tai road construction project, Nasang-Thongthu three-way junction construction project, and the Road 16B construction project from Dakcheung District to the Laos-Vietnam border. The Vientiane-Vang Vieng expressway project was officially launched on 20 December 2020. In addition, implementation of other major projects is currently underway, such as the first phase of the Laos-China railway project (Vientiane Capital-Boten) which is 94.49% completed, including 71 tunnels (of 75 in total) drilled with a total length of 225,838 meters, 165 bridges and 202.8 km of railways (from Vientiane Capital to Luang Prabang). Furthermore, construction of Road No. 11 from Na Sang to Khok Khao Dor has progressed 24.4%; the improvement and expansion of the 13th North road from Vientiane to Phonehong has progressed by 8.36% of the total project value. The 5th Lao-Thai Friendship Bridge (Paksan-Neung Kan) construction project has completed the signing of the contract and is in the process of mediating the construction area of 52 hectares, the construction of Non Khang International Airport in Huaphanh Province is 92.34% complete, the Huay Xai airport improvement project is 58.88% complete, and preparations for the Vung Ang 1, 2 and 3 port projects are underway.

Telecommunications integration has made several achievements, as follows:

Telecommunications: Completed the launch of the LAOSAT-1 satellite, stationed at 128.5° East with a Satellite Ground Control System and Satellite Broadcasting and Telecommunication

System for Lao PDR; completed the construction of three Remote Monitoring Stations in Vientiane Capital; expanded the fibre optic transmission network, both aerial and underground, by 29,445 kilometres, which now covers a total of 90,258 kilometres, enabling communication connections from the central level to provincial and district centres; extended cellular transceiver stations by 1,106 stations amounting to a total of 7,882 stations, which has expanded 2G, 3G, and 4G coverage to 95%, 81%, and 53% respectively of all villages nationwide; registered a total of 1,453,262 land lines and wireless telephone users, registered 4,362,183 mobile phone users, bringing a total number of registered fixed line telephone and mobile phone users to 6,090,188 numbers, equivalent to 87 numbers per 100 people; registered 3,540,020 internet users (landline and via 3G SIM), bringing internet use penetration rate to 51% of the total population (population: 7 million).

Internet interoperability: Completed the integration of a one-stop communication system, completed the transfer of ownership of the Lao country domain (.LA) from overseas to manage locally within the Lao PDR, expanded and upgraded the Lao National Internet Centre to be the domestic gateway for internet traffic, completed expansion of the international telephone and internet hubs to accommodate all domestic and international connection volumes, expanded shared server system /new Cloud system to support up to 1,400 servers, provided website hosting services for more than 1,900 websites of public organisations and other agencies.

To date, in terms of transmission networks, Lao PDR has 18 transmission points connecting to neighbouring countries: Thailand (six), Viet Nam (five), Cambodia (two), Myanmar (two) and China (three) to facilitate telecommunication and internet communication.

Energy integration: Over the past five years, Lao PDR has been able to export electricity to five countries (Thailand: 123,384 million kwh worth USD 6,877 million, Viet Nam: 4,926 million kwh worth USD 266 million, Cambodia: 1,160 million kwh worth USD 51 million, Myanmar: 4 million kwh worth USD 380,000, and Malaysia: 130 million kwh worth USD 8 million). Overall, during the 8th Five-Year Plan period, the estimated export of electricity (five-year cumulative figure) totalled 129,605 million kwh, valued at USD 7,203 million, an increase of 164% compared to the export figure of the 7th Five-Year Plan.

In sum, Lao PDR has over the years enjoyed trade privileges under several cooperation agreements, including quotas for agricultural exports to China and quota-free and duty-free market access for exports to Europe. Nonetheless, due to limited production capacity, low productivity, impacts of severe natural disasters and budget and technological limitations, agricultural production has been fragile and unable to meet export quantity and quality requirements.

2.2. Outcome 2: Human resources are developed and the capacities of the public and private sectors are upgraded; poverty in all ethnic groups is reduced, people of all ethnic groups, ages and 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.

(1) Output 1: Improved living standards through poverty reduction and Sam Sang Directive implementation

Sectors and localities have continued to implement the Resolutions No. 03 and No. 25 of the Political Bureau of the Party Central Committee and Order No. 34/PM of the Government on Directions, Goals and Measures for Building Provinces as Strategic Units, Building Districts as Comprehensively Competent Units, and Building Villages as Development Units by focusing on

the allocation of land for livelihoods, the transformation of large villages into small towns, providing the necessary infrastructure as well as technical support and credit through the Policy Bank, with a total of LAK 1,697.55 billion provided in the period 2016-4/2020. From the total credit allocated, LAK 1,286.1 billion was disbursed to target poor districts, LAK 214.88 billion to the government and local focus areas, and LAK 196.57 billion for the Sam Sang Directive (Three-Builds Directive) activities to boost local production, which has improved people's access to basic services, incomes and livelihoods.

According to the survey results per the Government's Decree 309/PM on Poverty Criteria and Development Criteria, in 2019, there were 62,384 poor families or 5.61% of the total number of families.

According to the 6th Lao Expenditure and Consumption Survey (LECS 6) conducted by the Lao Statistics Bureau in 2018-2019, the poverty rate was 18.3% of the total population (down from 23.2% according to the LECS 5 survey in 2012-2013), equivalent to 13.5% of the total number of households (NA approved target: the rate of poor families should be below 10% by 2020).

In collaboration with the Ministry of Education and Sports, unexploded ordnance (UXO) primary education courses were established and conducted in nine target provinces to inform communities about the risks and safe practices associated with UXO to reduce the number of casualties in 2,203 villages. Non-technical surveys to identify confirmed hazardous areas (CHA) were conducted in 2,495 villages, equivalent to 64.62% of the target, technical surveys of UXO were conducted on 54,999 hectares of land, equivalent to 22.35% of the target, and 17,805 hectares of land were cleared of UXO, exceeding the target (NA approved target: 16,000 hectares). There have been 55 UXO accidents, with a total 101 casualties, of which 87 people were injured and 14 people died. Assistance was provided to 1,583 mine victims, exceeding the target (NA approved target: 1,500 people). Of these, 1,156 people received medical treatment and rehabilitation, including prosthetic devices, and 327 people received vocational training and support to improve family economic well-being.

Overall, despite the many achievements and progress in rural development and poverty alleviation, several challenges remain, such as rural-urban disparity, increased inequality and inadequate resources, limited capacity for UXO clearance and insufficient impact mitigation capacities, as well as climate change preparedness.

(2) Output 2: Food security ensured and incidence of malnutrition reduced

In order to ensure food security and nutritious and safe consumption, over the past five years the Government has focused on implementing food security and nutrition projects, free assisted childbirth and under-five child care policy, and implementation of activities to integrate nutrition promotion in the community and in primary health care in order to reduce chronic malnutrition. This has been done by providing ready-to-eat supplements to women during pregnancy, and children under two years old to prevent malnutrition during the first 1,000 days of life in 1,110 villages, equivalent to 95% of the total villages in all districts of three provinces: Luang Namtha, Oudomxay, and Sekong; providing nutrition supplies and food to malnourished children in eight districts in Champassak and Sekong provinces. Through implementation, many targets have made good progress as follows:

- Food consumption of meat, eggs and fish has increased from an average of 55 kg / person / year in 2016 to 63 kg / person / year in 2019 and in 2020 it is expected to reach 65 kg / person / year.

- The malnutrition rate in the population, which is one of the indicators of the Human Asset Index (HAI) as a criterion for LDC graduation, has decreased from 42.8% in 1990 to 18.5% in 2015.

- The proportion of underweight children under five years of age has decreased from 26.6% in 2012 (LSIS 1) to 21.1% in 2017 (LSIS 2), 20.8% in 2019, and in 2020 it is expected to decrease to 20.3% (NA approved target: 20%). The proportion of stunting among under-five children has decreased from 44.2% in 2012 (LSIS 1) to 33% in 2017 (LSIS 2), 32.7% in 2019 and 32.3% in 2020 (NA approved target: 32%).

Nevertheless, food production over the past years has not met demand due to land degradation, land use issues and a number of large-scale investment projects affecting people's production areas. In terms of nutrition, infant care and the application of recommended nutritional practices has not yet been well-practiced because some households still follow the traditional customary practices.

(3) Output 3: Access to high quality education

Over the past five years, the focus has been on implementing the priority activities of the Education and Sports Sector Development Plan and the National Human Resource Development Strategy in order to support all children of all ages to have access to quality education, which is central to strengthening human resources in terms of knowledge and ability according to the Three Characteristics and Five Domains of national education, from early childhood education to university education by focusing on improving the learning curriculum at all levels, providing teaching and learning material and equipment, providing school administration funds to schools nationwide, providing necessary incentives and policies to teachers and students, particularly in remote areas, and improving and building infrastructure that has enabled the implementation of the education work as follows:

+ Targets achieved:

- The enrolment rate of 5-year-olds increased from 70.9% in the 2015-2016 school year to 82.7% in 2020, exceeding the plan (target: 80%).
- The net enrolment rate of primary school students increased from 98.8% in the 2015-2016 school year to 99% in 2020, exceeding the plan (target: 98%).
- The proportion of the masses of all genders and ages in society engaged in physical exercises, playing sports and gymnastics reached 30% of the total population (target: 30% of total population)

+ Targets that have been implemented more effectively compared to the 2015-2016 academic year but did not meet the set targets:

- Repetition rate of grade 1 students decreased from 11.5% to 6.3% (target: 5%).
- Dropout rate of grade 1 students decreased from 7.2% to 6.4% (target: 5%).
- Repetition rate of primary school students decreased from 4.8% to 3.1% (target: 2%)
- Dropout rate of primary school students decreased from 4.7% to 4.3% (NA approved target: 2%)
- Survival rate up to grade 5 increased from 79.6% to 82.1% (NA approved target: 90%)
- Gross enrolment rate of lower secondary school students increased from 82.2% to 83.3% (NA approved target: 85%).
- Gross enrolment rate of upper secondary school students increased from 47.8% to 54.8% (NA approved target: 60%).
- Completion rate of lower secondary school students enrolled in vocational education increased from 3% to 3.8% (target: 5%).

+ **Targets that have underperformed compared to 2015:**

- Dropout rate in lower secondary school education increased from 8.1% to 10.3% in 2020 (NA approved target: 2%);
- Dropout rate in upper secondary school education increased from 5.4% to 8.8% in 2020 (NA approved target: 2%)

Reasons for not meeting some targets include the fact that some educational infrastructure has been affected by the floods in the last two to three years, leaving many schools unable to open on time, while families affected by natural disasters needed to relocate their livelihoods, forcing their children to drop out of school. Lack of follow-up and support for teaching and learning and school management is another challenge in the development of education, as well as the low level of accountability of a number of school principals and teachers especially in rural remote areas. The issue of dropouts of secondary school students has not yet been addressed or studied by the relevant authorities. Moreover, there has not been sufficient investment in the provision of laboratory equipment, IT equipment, and textbooks for classrooms.

(4) Output 4: Access to high quality health care and preventative medicine

There has been continuous and more inclusive progress in public health in terms of infrastructure, medical equipment, quality of service and treatment by health professionals from the central level to the local level. Hospitals at each level have been constructed and improved, such as the new extension of the Mittaphab (Friendship) Hospital, Setthathirath Hospital, the new 103 Hospital building, Mother and Child Health Hospital, and the new Mahosot Hospital buildings under construction. At the same time, some provincial and community hospitals have been improved and re-constructed such as Huaphanh Provincial Hospital and Xiengkhuang Provincial Hospital, and the number of small hospitals has increased from 985 to 1,066. The health care service system has focused on upgrading the technical capacity and ethics of health professionals, and the implementation of the 5 Goods and 1 Satisfaction policy nationwide. The Universal Health Coverage policy has been strongly implemented, focusing on primary health care, surveillance, and response, as well as the control of communicable diseases along the borders, in particular the control of and response to COVID-19, dengue fever and other diseases, nutrition, and quality and safety of food and medicine. The social health protection system has been extended to all provinces, giving Lao people, including mothers, children, and the poor access to free health care services as a prerequisite for achieving Universal Health Coverage by 2025. As a result of these efforts, the targets that are likely to be achieved are as follows:

+ **Targets achieved:**

- Under-one mortality rate decreased from 68/1,000 live births in 2012 (LSIS 1) to 40/1,000 live births in 2017 (LSIS 2), 14.4/1,000 live births in 2019 and 12/1,000 live births in 2020 (NA approved target: 30/1,000 live births).
- Under-five mortality rate decreased from 79/1,000 live births in 2012 (LSIS 1) to 46/1,000 live births in 2017 (LSIS 2), 16.6/1,000 live births in 2019 and 15.3/1,000 live births in 2020 (NA approved target: 40/1,000 live births).
- Maternal mortality rate decreased from 206/100,000 live births in 2015 (2015 Census), 68.4/100,000 live births in 2019, reaching 66.4/100,000 live births in 2020 (NA approved target: 160/100,000 of live births).
- Household latrine utilisation rate increased from 67.92% in 2014 to 75.9% in 2019, and 79.6% in 2020 (NA approved target: 80%).
- Universal Health Coverage increased from 71% in 2017 (MOH, 2017) to 80% in 2019, and 94% in 2020 (NA approved target: 80%)

+ Targets at risk of not being achieved:

- Under-five wasting rate reduced from 26.6% in 2012 (LSIS 1) to 21.1% in 2017 (LSIS 2), 20.8% in 2019 and 20.3% in 2020 (NA approved target: 20%).
- Under-five stunting rate reduced from 44.2% in 2012 (LSIS 1) to 33% in 2017 (LSIS 2), 32.5% in 2019 and 32.34% in 2020 (NA approved target: 32%).
- The rate of births attended by skilled health personnel increased from 42% in 2012 (LSIS 1) to 64.4% in 2017 (LSIS 2), 79.1% in 2019, and 72.8% in 2020 of the target population (planned target: 80%).
- Immunisation rate for children under the age of one year increased from 63.7% in 2012 (LSIS 1) to 66% in 2017 (LSIS 2), 92.5% in 2019, and 89.8% in 2020 of the target population (planned target: 90%).
- Clean water consumption rate increased from 69.9% in 2012 (LSIS 1) to 83.9% in 2017 (LSIS 2), 85.9% in 2019, and 88.5% in 2020 (NA approved target: 90%).
- Accreditation rate of Model Health Villages increased from 71.4% in 2017 (MoH, 2017) to 78.9% in 2020 (NA approved target: 80% of total villages).

The reasons why some targets are not expected to be achieved as planned include insufficient human resources in terms of both quantity and quality, inadequate quality health infrastructure and medical equipment, particularly at the district level and remote health centres, lack of medical staff, lifestyle patterns that follow traditional customs, and slow adoption of new ways of thinking.

(5) Output 5: Enhanced social welfare

Social welfare work has expanded significantly, evidenced by increased coverage of the social security and health insurance schemes from 30.36% in 2015 to 89.11% in 2019. This is expected to reach 94% of the total population in 2020 (NA approved target: 80% of the total population). Welfare policy has been implemented for 17,491 people who have contributed to the national revolutionary cause, equivalent to 54.31% of the target (NA approved target: 32,204 people), of these, in 2016, the policy was implemented for 3,026 people, amounting to LAK 53 billion; in 2017: 3,304 people, amounting to LAK 56.99 billion; in 2018: 3,452 people, amounting to LAK 55.99 billion; in 2019: 2,921 people, amounting to LAK 51.15 billion; and in 2020: 4,775 people, amounting to LAK 88.26 billion. In addition, child protection and support networks were established at the village level in 1,117 villages, equivalent to 139.62% of Plan (target: 800 villages), and social welfare funds were established in 13 provinces, equivalent to 72.22% of the plan (target: 18 provinces). Donations from various stakeholders, both domestic and foreign, have been actively mobilised to provide relief to the poor, the disadvantaged, and victims of natural disasters in the form of cash amounting to LAK 22.12 billion, USD 14.38 million, and THB 202.23 million. Moreover, a large amount of material, equipment, supplies, and consumables have been received.

(6) Output 6: Protection of traditions and culture

The information and culture sector has improved in both quantity and quality to meet socio-economic development needs. In terms of information and media, there has been progress in the modernisation and improvement of quality, with the transition from analogue system to digital systems, improvement of the content and format of the programmes to disseminate information about the policies of the Party and the State, important days of observance, cultural events and festivals and news events with better quality and speed, and the use of print, electronic, and online media. In addition, the village loudspeaker network has been extended to 5,840 villages and remote areas, accounting for 69.16% of the total number of villages (total villages: 8,443). In the area of culture, there has also been progress in both quantity and quality. In the past five years, 197,635 Cultural Families have been developed. To date, there are a total of 970,369 Cultural Families,

accounting for 76.97% of all families in the country (NA approved target: 80% of all families nationwide). So far, 1,703 Cultural Villages have been established, amounting to a total of 6,548 Cultural Villages, covering 77.68% of total villages (target: 65%). Lao tourism has been advocated and promoted, with the most outstanding events being the launch of the Visit Laos Year 2018, launch of the Laos-China Tourism Year 2019, recognition of Lao Khaen Music as UNESCO World Intangible Cultural Heritage at the end of 2017, and the Plain of Jars in Xiengkhuang Province was added to the list of World Heritage Sites, becoming the third Lao UNESCO World Heritage Site at the end of 2018 (NA approved target: To make the Plain of Jars in Xiengkhuang Province and Hin Nam No in Khammouane Province World Heritage Sites).

Considerable attention has been given to the restoration, preservation, and promotion of unique tangible and intangible culture. Among the outstanding activities were the completion of Phase 4 of the restoration of murals in the Sisaket Temple Archaeological Museum project; short movies and documentaries competition to celebrate two historical days under the theme of 40 Years of Beloved Motherland and on the occasion of the 10th anniversary of World Day for Audiovisual Heritage; and completion of the collection of intangible heritage data under six areas, namely: puppets, traditional food, lacquer ware (Namkieng), Khap Thoum Luang Prabang (traditional music), mulberry paper (Por Saa) handicrafts, and traditional embroidery handicrafts in Luang Prabang.

(7) Output 7: Political stability, order, justice, and transparency

Political stability has been maintained, and peace and order in society has been fundamentally ensured, which has facilitated socio-economic development. Focus has been given to addressing the issues of drug abuse, road accidents, and negative social phenomena in a comprehensive manner. In addition, the public has been educated about the law and social issues. In the past five years, a total of 81 laws have been developed and amended, of which 34 were newly created and 47 improved. Laws have been disseminated via different means and at the central and local levels, through a total of 21,399 meetings and through various media platforms a total of 14,635 times. A total of 45,825 court judgments have been implemented of which, 13,165 were civil cases and 32,660 were criminal cases. 9,043 court judgments have been successfully enforced of which, 4,079 were civil cases and 4,964 were criminal cases. Economic disputes in 279 cases have been addressed, of which 237 cases were successfully resolved. To date, there are 6,604 Model Villages compliant with law enforcement and 921,650 Model Families compliant with law enforcement. A total of 29,655 traffic accidents occurred, 50,316 vehicles were damaged, 47,245 people were injured and 5,263 were killed, with the damage value totalling LAK 443.33 billion.

Efforts have been made to encourage and monitor the implementation of laws by the court to ensure accuracy and uniformity throughout the country. A total of 9,503 court decisions and judgments at each level were examined. Over the years, the people's courts at each level have focused efforts on studying and adjudicating cases in a prompt, effective, detailed, and prudent manner and ensuring the accuracy of the procedures prescribed by law. The quality of the court hearing procedures has progressively improved the acceptance and satisfaction of the parties involved with the court's decision. As can be seen that out of the total number of 41,699 cases in all levels of the court (Court of First Instance, Court of Appeal, Court of Cassation), 38,497 cases have been resolved, accounting for 92.32% of all cases.

Despite the progress, however, the level of ownership and awareness among some members of the society in national defence, public security and social order is not yet high, resulting in high levels of drug abuse and road accidents.

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

(1) Output 1: Environmental protection and sustainable natural resources management

The Government has focused its efforts on developing and improving laws and regulations for the sustainable management and protection of natural resources and the environment, such as: Law on Water and Water Resources (Revised) No. 23/NA, Law on Meteorology and Hydrology No. 36/NA, Resolution No. 26 of the Party Central Committee on the Enhancement of Land Management and Development in the new period, National Master Plan for Land Allocation 2030, Law on Land (Revised) No. 70/NA, Law on Forestry (Revised) No. 64/NA, Decree No. 247/GO on Promotion of Commercial Tree Plantations, Decree No. 21/GO on Environmental Impact Assessment, Decree No. 84/GO on Compensation and Resettlement Management in Development Projects, Decree No. 321/GO on Climate Change, Decree No. 06/PM on the Establishment of Watershed Protection Forest in Nam San Watershed, Decree No. 258/GO on Pesticide Management, Decree on the Approval and Promulgation of National Environmental Standards, Order No. 15/PM on Strengthening Strictness of the Management and Inspection of Timber Exploitation, Timber Movement and Timber Business, and Order No. 05/PM on Strengthening Strictness of the Management and Inspection of Prohibited Wild Fauna and Flora. In addition, the National Policy on Energy Efficiency and Conservation, and the National Green Growth Strategy 2030 of Lao PDR were announced. All of these have led to many satisfactory achievements in the management and protection of natural resources and the environment.

Land management: Achievements include the completion of the development and dissemination of the National Master Plan for Land Allocation 2030 and division of responsibilities between relevant ministries and sectors. Land allocation, natural resource management and comprehensive environmental management plans at the provincial level have now been approved by 13 provinces, with the remaining five provinces to be completed by 2021. The land registration and titling system has been improved and modernised. In the past five years, land titles have been issued for 589,262 plots of land nationwide, exceeding the plan (NA approved target: 460,000 plots of land). Of these, in 2016, land titles were issued for 78,729 plots of land, 2017: 117,772 plots of land, 2018: 132,286 plots of land, 2019: 153,020 plots of land and 2020: 107,455 plots of land.

Forestry management: Efforts have been made to ensure the sustainable management and protection of forests. To date, the forest cover has increased, reaching 62%, an increase of 4% within a period of four years (2015-2019) (NA approved target: 70%). Allocation of forests and forest resources has been largely completed, including: defining the locations and areas of 172 conservation forests, covering an area of 4.8 million hectares (25 national conservation forests, 54 provincial conservation forests and 95 district conservation forests); 139 protection forests, covering an area of 7.98 million hectares, and 51 production forests, covering an area of 3.1 million hectares. Village-level forests have been allocated to a total of 1,366 villages, equivalent to 91% of the target. At the same time, three National Protected Areas have been upgraded to National Parks, namely: Nam Aet-Phou Loeuy, Nakai-Nam Theun and Phou Hin Nam No; one National Wildlife Sanctuary (Khok Ong Mang forest conservation area), and Phou Hin Nam No National Park has been nominated to be listed as a World Natural Heritage Site and nominated Phou Xieng Thong National Protected Area to be an ASEAN Heritage Site.

Mineral resource management: in 2016, geological and mineral survey, data collection, and mapping at a scale of 1/200,000 were carried out throughout the country, covering 66.42% of the total area of the country, including the area of Vientiane-South Luang Prabang (about 15,870 km²) and the area of Sayaboury-Luang Prabang (about 16,309 km²).

Environmental protection: Focus has been given to monitoring and addressing environmental issues arising from development projects. Environmental and social obligations have been implemented in accordance with the environmental and social management plans of various development projects. Air quality has been monitored, and the implementation of environmental quality standards and the green, clean, and beautiful campaign has been promoted. Comprehensive Environmental Management Plans have been developed in five provinces (Huaphanh, Xiengkhuang, Vientiane Capital, Bolikhamxay, Vientiane Province, and Saravan) (NA approved target: at least 50% of the provinces have approved the plans). Construction of one National Environmental Quality Laboratory has completed in accordance with the international standard ISO 17025, basic equipment has been provided to three regional environmental quality laboratories (Luang Prabang, Xiengkhuang, and Champassak) and small-scale environmental quality monitors has been installed in provinces throughout the country. Collection of hazardous waste pollution data has been completed at landfills in five provinces: Vientiane Capital, Bokeo, Luang Namtha, Huaphanh and Xiengkhuang, and the use of the '3Rs' principle of waste management has been promoted to control and reduce the amount of waste generated in two areas: Kaysone Phomvihane city and Pakse city.

Water resource management: The drafting process has started for a strategy for the management, administration and use of water and water resources, decree on river basin management and a river basin management plan. Water quality in the 10 priority river basins has been monitored on a regular basis, such as: Nam Ou, Xebanghieng, Xebangfai, Sedone, Sekong, Nam Ngiep, and Namsong river basins (NA approved target: 10 priority river basins); 312 sites have been identified for water quality monitoring (NA approved target: 200 sites).

Despite the many achievements and much progress made, overall environmental protection and use of natural resources have not been as effective as had been planned, evident in illegal logging, slash-and-burn farming and the number of endangered flora and fauna species increasing from 115 in 2008 to 210 in 2017. In general, there remain many challenges such as a lack of budget for the management of protected areas and watersheds.

(2) Output 2: Preparedness for natural disasters and risk mitigation

Lao PDR has over the past years experienced natural disasters more frequently. Accordingly, the Government has placed greater emphasis on preparing for mitigating the effects of natural disasters, such as completing the establishment of the National Water Resources Information Centre; completing the modernisation of 28 meteorological stations and the construction of 10 new stations; and completing the upgrading and modernising of 33 hydrological stations and the construction of 15 new stations. Additionally, the construction of 15 National Earthquake Data Centres and stations throughout the country to monitor seismic data has been completed, exceeding the target (NA approved target: five stations), including the improvement of two stations: KM 20 station and Luang Prabang station (NA approved target: two stations). Methods, mechanisms and reporting of weather forecast have been updated; disaster preparedness and disaster risk reduction plans at the provincial level have been completed in six provinces; and post-disaster recovery and reconstruction needs assessment tools have been developed in 15 sectors, as well as trainings on how to use the tools. Disaster Prevention and Control Committees have been set up in 12 ministries, 18 provinces, and 54 districts in eight provinces at risk. In addition, integration of disaster management and climate change under the framework of Sustainable Development and Poverty

Alleviation into the public works and transport sector (bridges, roads and water works) has been initiated.

At the same time, the third revision of the Handbook for Developing Joint Crediting Mechanism on greenhouse emission and Reducing Emissions from Deforestation and forest Degradation (REDD+) has been completed, and the process of developing a National Adaptation Plan was initiated.

(3) Output 3: Reduced instability of agricultural production

Lao PDR has developed and implemented a number of policies and strategies to ensure food security, including the commodity production and national food security promotion project, promotion of climate change resilient agricultural production, and development of agricultural products' storage capacity. Moreover, effort has been made to monitor and build preparedness for dealing with pest and animal disease outbreaks, and drought and flood prevention plans have been developed annually to address the impact in a timely manner.

Nonetheless, many shortcomings, constraints and challenges remain in promoting production for food security and for commercialisation due to the overall instability of agricultural production.

2.4. Outcome 4: Priority Cross-Cutting Outputs

(1) Output 1: Enhance effectiveness of public governance and administration

The Government has attached great importance to improving public governance and administration to be more streamlined, relevant, and efficient. The establishment of the e-Government portal has been completed to modernise and digitalise public administration, with the current system now able to integrate the information and services of ministries and Government offices in various sectors at a basic level. In terms of state structure and public administration, the Government's structure has been improved to be more in line with actual roles and responsibilities in order to enhance the role of macro-level management of more than 20 entities by moving the National Committee for Rural Development and Poverty Eradication to be under the Ministry of Agriculture and Forestry; the Lao Red Cross and National Regulatory Authority for UXO and Mine Action (NRA) to be under the Ministry of Labour and Social Welfare; the Secretariat of the National Committee for Special Economic Zones to be under the Ministry of Planning and Investment; creating and improving a number of organisational structures under the Ministry of Post and Telecommunications; and moving the Secretariat of the National Commission for the Advancement of Women, Mothers and Children to be under the Lao Women's Union. Moreover, Decrees on the organisation and activities of a number of ministries have been revised, such as the Ministry of Justice, Ministry of Education and Sports, Ministry of Post and Telecommunications, Ministry of Public Works and Transport, Ministry of Energy and Mines, Ministry of Finance and Ministry of Science and Technology. In the area of local governance, the roles and responsibilities of a number of Divisions and District authorities have been adjusted to suit conditions and to be in line with Sam Sang Directive. Luang Prabang, Kaysone Phomvihane, and Pakse cities have been established. In addition, preparations have been made for the establishment of district municipalities as Provincial Administrative Offices in four provinces (Bolikhamxay, Khammouane, Huaphanh and Luang Namtha). As of 2019, the central-level political system has a total of 38 sectors, comprising 509 Departments, 572 Departments at the provincial level and 3,550 offices at the district level.

One-Door Service mechanism: Good progress has been made, including the review of relevant legislation and regulations related to the establishment of One-Door Service Centres (ODSCs), evaluation of the implementation of the ODSCs throughout the country, as well as research on the mechanisms, regulations and standards of new modern One-Door Service Centres, identifying Xaysettha District in Vientiane Capital and Bachieng-Chalernsouk District in Champassak Province as a pilot model.

Civil Management: Progress has been made in the implementation of inspections, recruitment, and promotion of civil servants, and adjustment of civil service information, and implementation of pension and other benefit policies. A total of 10,459 Civil Servant identification cards were issued for 37 sectors (of 46 sectors in total) at central-level ministries and agencies. The use of the Personnel Information Management System (PIMS) has been expanded at the provincial and district levels, and integration of personnel records and payroll has been carried out for accurate data management.

Document management: Instructions on the implementation of the Decree on Official Documents and regulations on the preparation of official documents have been issued, and a review and compilation of regulations related to document management has been completed.

A number of legislations have been improved, including the Law on Local Administration, Law on the Government, Law on Civil Servants, and Decree on Management and Protection of Religious Activities in Lao PDR.

Nevertheless, there remains a number of shortcomings and challenges. For example, improvements to the organisational structure of the ministries and organisations have not proceeded in a streamlined and rational manner, and unclear job descriptions have resulted in enlarged departmental and divisional structures. Local public administration has not been in line with the Sam Sang Directive, especially the delegation of rights and responsibilities at local level. The implementation of laws and regulations, including the regulations on civil servants has not been sufficiently effective.

(2) Output 2: Promote local innovation and utilisation of science, technology and telecommunications and management and application of ICT

Over the past five years, the Government has promoted research institutes to focus on using science and technology to contribute to socio-economic development, most notably the extraction of chemicals from medicinal plants containing anti-cancer and health-promoting properties, covering more than 102 new plant species. A new species of insect fungus has been discovered in Huay Yang conservation forest that has the potential to be developed into an anti-cancer drug, which is being researched, including the naming of the species and scientific publication in international journals. Research has been conducted on the production of 34 species of lactic acid bacteria and 39 species of yeasts to be used in food products, as well as research to improve the quality and yield of Khao Kainoi sticky rice in Xiengkhuang Province. Research has also been done on the use of banana fibre as a packaging material, on drones, and on demining robots. In 2019, two scientists were selected to become members of the International Science Council, and 13 doctoral positions were created. Moreover, important infrastructure has been developed, including the completion of the construction of the Biotechnology and Ecology Institute that is equipped with a modern laboratory, completion of a science and technology development zone, and completion of the improvement and upgrading of one scientific research institute according to international standards. Software has been developed for document, personnel and asset management, and the construction of a national science and technology data centre and construction of a Data Centre that uses modern technology, is energy efficient and can hold data up to 400TB have been completed. The

establishment of the e-Government portal has been completed to support the transformation towards electronic public administration and a modern digital government, with the current system now able to integrate information and services of ministries and government offices in various sectors at a basic level. The installation of video conference system for Party and State organisations, mass organisations, and 18 provinces throughout the country has been completed in a total of 49 sectors (17 at the central level and 32 at the local level) and 1,115 users have been created (focusing on the installation at the Party Central Committee Office, the Prime Minister's Office, and the National Assembly in order to facilitate meetings with 18 provinces during the COVID-19 outbreak). Furthermore, achievements have been made in completing the establishment of one Information and Communication Technology Centre in Xaysomboun Province, the development and official use of the Lao language font (Phetsarath OT), the development of the Microsoft Translator system at a basic level (with a total of 5,000 English sentences translated into Lao added to the system), and the establishment of a modern office system (e-Office) within the Ministry of Post and Telecommunications, the Prime Minister's Office and Provincial Departments of Post and Telecommunications in three provinces. The government e-mail system has been installed and expanded to support 2,000 users, and email lists of 34 government sectors have been created. The development of the government's common G-Web Platform, using the government cloud system administered by the National Internet Centre has been completed and has been used to create websites for several sectors within the Ministry of Post and Telecommunications and various other ministries, particularly the creation of the website www.covid19.gov.la to serve the prevention and control of COVID-19. The creation of a government messaging application G-Chat has been completed to promote quick and secure communication and information exchange within the Government. Progress has also been made in the installation of ICT facilities and other technological equipment in many sectors, as well as the continuation of South-South Cooperation and international cooperation programmes that support ICT and technology development. In the area of legislation, policies and legal frameworks have been developed to improve innovation, such as the Law on Intellectual Property, and registration of trademarks, copyrights and industrial patents, and the Law on Science and Technology has been researched for submission to the National Assembly for approval.

Telecommunication security: The establishment of the Lao Computer Emergency Response Team (LaoCERT) has been completed to manage and prevent cybercrimes, becoming a member of the Asia-Pacific Computer Emergency Response Team (APCERT). An international cooperation agreement has been signed to install Public Key Infrastructure (PKI), and the establishment of the Cyber Attack Monitoring System has been completed. The Tsubame Sensor packet traffic monitoring system has been installed, and the information security system of the National Internet Centre has been improved in accordance with ISO27001.

Postal sector: There has been improvement and a shift to more electronic management with the utilisation of modern technology in various forms, such as e-post, e-logistics, e-Finance and e-Commerce. A national postal service has been established as a channel to provide services to society, and postal services have been improved to meet standards, high-quality, and security needs in order to be able to integrate regionally and internationally.

Despite many achievements, the conduct and management of research and application of research results in development has not been as extensive as had been expected, and the level of ownership in carrying out research and development by some sectors is not yet high.

(3) Output 3: Promote and develop women, juveniles and young people

The promotion and development of gender and youth equality has received more attention and has made good progress, as follows:

Promotion and development of gender equality: Policies, strategies and international conventions on the promotion of the advancement of women, gender equality, protection and promotion of children's rights, and the elimination of violence against women and children, have been disseminated at educational institutions, ministries and organisations at the central and local levels in connection with the annual commemoration of the International Day for the Elimination of Violence against Women and International Children's Day, with the aim of changing traditional attitudes and old traditions that hinder the development of women, as well as eliminating violence against women, violence against children, and promoting gender equality, protection and promotion of children's rights, as well as the celebration of the 30th anniversary of the Convention on the Rights of the Child (1989-2019).

Efforts have been made to implement the National Action Plan for Gender Equality, the National Action Plan on Maternal and Child Health, the National Action Plan for Protection and Elimination of Violence against Women and Children, and the guidelines on involving the communities to prevent and respond to violence against women and children, resulting in the improvement in the Global Gender Gap Index value from 0.713 in 2015 to 0.731 in 2020, climbing to the 43rd spot from 52nd, placing Lao PDR in second place among ASEAN countries in the overall index. Women in the leadership and management positions at the Minister level reached 18.18% in 2019, at the Director-General and Deputy Director-General level 22.38%, at the Provincial Governor and Deputy Governor level 4.76%, and at the District Governor and Deputy Governor level 6.72% in 2019. Children in the age group 0-17 years who meet the seven dimensions of livelihoods reached 12%, however, challenges remain as the prevalence of multidimensional deprivation among children continues, especially deprivation in the three dimensions of livelihoods reaching 50.4%.

Notably, the Lao Government has completed the drafting of the Law on Gender Equality, which was approved by the National Assembly in 2019 and promulgated by a Presidential Decree in 2020. Moreover, the Government renewed its commitment to promote the rights of the child under the theme: "Unleash the Unlimited Potential of the Lao Generation 2030" with the joint signature of the Government, Deputy Governors, the private sector, civil society organisations, non-governmental organisations, and the United Nations and embassies in the Lao PDR.

Youth: Youth organisations from the central level to the local and grassroots level have paid attention to educating young people and disseminating Party and State policies, resolutions, orders and regulations, as well as developing and promoting vocational training for young people so that they have strong political values and revolutionary moral qualities, and have the knowledge and ability to become a force for development of the country in the future. Achievements are demonstrated in the completion of the development of the Law on Lao Youth, the issuance of the Decree on the Implementation of the Youth Development Strategy for the period 2021-2030 and completion of the construction of the Lao Youth Palace and Youth Heritage Centre; provision of vocational training and job creation for 4,475 people in 2017, especially young people in remote rural areas, and the poor and disadvantaged in fields such as motorcycle and car repair, electricians, tailors, beauticians, and others; and provision of interest-free loans to young people to set up motorcycle repair and tailoring shops in five provinces: Bokeo, Vientiane Province, Khammouane, Attapeu, and Vientiane Capital worth LAK 49,228,000, and to raise cattle (goats, pigs and chicken) in three provinces (Sayaboury, Xiengkhuang, and Xaysomboun) worth LAK 50,000,000; and provision of counselling to 480 women and children.

Nevertheless, the share of youth in the 18-30 age group not in education, employment, or training (NEET) account for about 39% for men and 45% for women. Youth unemployment is also much higher than the national average. Overall unemployment increased from 4.1% in 2012-2013

to 15.7% in 2018-2019, but youth unemployment increased to 21.8% and the labour force participation also fell. With the labour force projected to grow from 4.1 million in 2015 to 5.5 million in 2030, improving development policies and labour markets to match the demographic trends will be challenged to ensure the creation of domestic employment opportunities.

The urban youth is keener to set up their own enterprises, while rural youth have preference for the Government jobs. It is estimated that half of the small enterprises are run by women. Moreover, young people's enthusiasm for voicing thoughts and ideas and contribution to socio-economic development is still limited.

The ASEAN Youth Development Index (YDI) 2015 ranks Lao PDR the lowest among ASEAN countries with an index value of 0.365 (with '0' as the worst and '1' the best). The first-ever youth and adolescent strategy of Lao PDR, initiated by the Lao People's Revolutionary Youth Union (LPRYU), is expected to address youth issues in a more comprehensive manner.

Among the youth, the following are identified as needing attention the most: unemployed youth, young women, youth with disabilities, youth-at-risk including youth living with HIV, drug and alcohol-using youth, sex workers, trafficked youth, school dropouts, youth in conflict with the law, youth exploited for labour, victims of violence or abuse, youth migrants, LGBT youth, and youth stigmatised for their ethnic identities.

The 2015 Census estimates that there are 160,881 persons with disabilities covering 2.8% of population, half of which are women. Very little comparable information is available about the socio-economic characteristics of persons with disabilities, severity of disability and their living conditions. For example, it is not known how many among persons with disabilities are youth not in education, employment or training (NEET) and what their labour force participation rate is.

Lao PDR has ratified the Convention on the Rights of Persons with Disabilities (CRPD) and enacted the 2019 Law on the Rights of Persons with Disabilities. The national initial report to the Committee on the Rights of Persons with Disabilities was submitted in 2016. The country has a draft Plan of Action for Persons with Disabilities (2021-2025). The Constitution and current legislation do not specifically prohibit discrimination on the basis of disability.

Despite the legislation and institutional mechanisms in place, shortcomings and challenges remain, particularly regressive attitudes and negative stereotypes that affect the livelihoods and development of women and children. Women and children continue to face poverty and lack of awareness about their basic rights. The proportion of women in occupations and decision-making roles or in leadership positions is still low compared to men. There remains the prevalence of child marriage and early pregnancy and birth.

The implementation of legislation and mechanisms related to persons with disabilities is not yet strong. Persons with disabilities continue to face discrimination and barriers in accessing health, education, employment and public buildings and transport. Skills and vocational training are not designed to meet the special needs of persons with disabilities, which excludes them from the labour market. Children with developmental and intellectual disabilities are not accepted in the mainstream educational system.

3. IMPLEMENTATION OF THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development, together with their 169 targets, were adopted in 2015 at the United Nations (UN)

headquarters in New York, USA. Lao PDR adopted its own SDG 18 called “Lives safe from unexploded ordnance (UXO)”, uniquely developed to address the UXO challenges, which is one of the major hindrances to development in Lao PDR. The localised SDG 18 was adopted on 7 September 2016 in Vientiane Capital.

The implementation of the SDGs in Lao PDR has seen considerable progress in many areas, such as the President of the Lao PDR's appointment of the National Steering Committee for SDG Implementation, which is chaired by the Prime Minister of the Lao PDR, with members of the Committee drawn from all relevant sectors to provide overall guidance on the coordination and implementation of the SDGs through the National Socio-Economic Development Plan and sectoral and local development plans, with a total of 92 SDG indicators integrated into the 8th Five-Year National Socio-Economic Development Plan (2016-2020). Notably, in July 2018, Lao PDR presented the Voluntary National Report (VNR) for the first time on the progress of the implementation of the SDGs in July 2018 in New York, USA. The report offers progress of 124 indicators out of a total of 242 global indicators. In this respect, sectors and localities are continuing their efforts to actively implement the SDGs.

Nevertheless, many challenges remain in the implementation of the SDGs due to lack of funds, and a lack of good understanding and ownership in the implementation among some sectors and the people.

4. IMPLEMENTATION OF LEAST DEVELOPED COUNTRY (LDC) GRADUATION

+ **2018 LDC graduation review:** According to the the 2018 assessment by the Committee for Development Policy (CDP), Lao PDR met two of the three Least Developed Country (LDC) graduation criteria. Despite this, Lao PDR must continue to focus on building domestic and international competitiveness by promoting added value in production process and reducing the use of natural resources to mitigate vulnerabilities from external economic impacts and ensuring sustainable graduation from the LDC status. Graduating from the LDC status does not mean that the country is on track to sustainable development., especially when it has met only two criteria, Gross National Income (GNI) and Human Asset Index (HAI), but not the Economic Vulnerability Index (EVI). Therefore, in order for development to be more sustainable and inclusive, Lao PDR must focus on structural changes as defined in the 8th Five-Year National Socio-Economic Development Plan, including strengthening the production capacity and productivity, economic diversification, and emergency preparedness.

+ **Progress on LDC by criteria:**

- **Gross National Income (GNI):** Lao PDR has been on a consistent upward trend in terms of the per capita GNI, which has enabled the improvement of the lives of the Lao people. Lao PDR's GNI in 2018 reached USD 1,996, exceeding the USD 1,230 graduation threshold, and representing an increase by USD 1,486 compared to its 2009 GNI of only USD 510. If Lao PDR's gross domestic product (GDP) continues to grow at 6.5-7%, it is expected that Lao PDR will be able to meet the GNI criteria in 2021. .

Human Asset Index (HAI): The HAI is a measure of level of human capital, which is an important driving force in the national development, including stunting, maternal and under-five mortality rate, literacy rate, secondary education enrolment rate, and gender parity index for secondary enrolment. The assessment of Lao PDR's HAI saw significant progress, rising from 60.8 in the 2015 assessment to reach 72.8 in the 2018, which exceeded the graduation threshold of 66 or above. The main reasons for the progress in the HAI include: ❶ The indicator on adult literacy rate reached

84.7%, up from 72.7% in 2015. ❷ The under-five mortality rate has also improved from 71 per 1,000 live births in 2015 to 63.9 per 1,000 live births in 2018. ❸ In 2018, the CDP added the maternal mortality ratio indicator to the HAI which is 197 per 100,000 live births. The gross secondary school enrolment ratio increased from 50.5 in 2015 to 61.7 in 2018.

Among the existing challenges are the percentage of undernourished population and the maternal and child mortality rates in Lao PDR that remain high compared to other ASEAN countries.

- **Economic Vulnerability Index (EVI):** The EVI is a measure of structural vulnerability to external and environmental shocks. Lao PDR did not meet the EVI criteria in the 2018 review. Therefore, special attention must be given to strengthening the economy and reducing vulnerabilities.

EVI assessment: The EVI includes some indicators over which countries can only have limited control. Some of the EVI indicators are outside any one country's control. For example, a country may have only limited control of market access due to its remote geographical location. The distance between Lao PDR and its trading partners is an important factor in the decision-making process regarding infrastructure investment or value chain development. In other words, it is important to consider investing in infrastructure close to trading partners. Additionally, many EVI indicators measure elements of the economic structure associated with policy formulation and long-term impacts, particularly on exports (both in terms of merchandise export concentration and instability of exports of goods and services) and the agricultural sector (ratio to GDP and instability of agricultural production).

There was a significant improvement in Lao PDR's EVI value from 36.2 in 2015 to 33.7 in the 2018 LDC graduation review (the lower the EVI value, the better). The main reason for the improvement in the EVI was due to the improved performance in the export instability and agricultural instability indices.

Five ASEAN countries have EVI scores higher than Lao PDR's, indicating higher levels of vulnerability.

5. GREEN GROWTH

Global green growth: Many countries around the world achieve accelerated economic growth by relying on natural resource extraction, but this approach is damaging the environment and accelerating climate change. This development model is no longer appropriate and has become a priority topic of discussion in the international arena, and as a result, many countries have put green growth at the centre of their national development strategies, along with social and environmental impact assessments.

Lao PDR is a country that embraces the concept of green growth as a mechanism for sustainable economic development along with environmental protection. Therefore, the Government appointed the National Steering Committee for Green Growth in 2016 to implement this work. On October 10, 2017, Lao PDR became a member of the Global Green Growth Institute, aiming to create opportunities to receive technical assistance to build capacity for efficient green growth in Lao PDR. The implementation of green growth in Lao PDR focuses on three main areas: (1) Implementation of the green growth development policy framework, (2) Development and implementation of the Lao PDR Green Growth Strategy 2030, and (3) Activities of the Global Green Growth Institute implemented in Lao PDR. Details are as follows:

(1). The Green Growth Development Policy Operation has been implemented since 2016 and is divided into three phases (Phase 1: 2017-2018, Phase 2: 2018-2019, and Phase 3: 2019-2020). The objective of this operation is to support Lao PDR in improving its policies, legislation and regulations related to green growth through three main components as follows:

- Component 1: Strengthening the financial and monetary stability and sustainability under the responsibility of the Ministry of Finance, Ministry of Home Affairs, and Bank of Lao PDR
- Component 2: Integration of green growth into the National Development Strategy under the responsibility of the Ministry of Planning and Investment, National Institute for Economic Research, Ministry of Natural Resources and Environment, Ministry of Public Works and Transport, and Office of the Environmental Protection Fund
- Component 3: Integration of green growth into sectoral and local development plans under the responsibility of the Ministry of Natural Resources and Environment and Ministry of Agriculture Forestry

To date, all activities within the Green Growth Development Policy Operation Phase 1 and Phase 2 have been successfully implemented, with the Government of Lao PDR having received USD 38.6 million in budget funding for Phase 1 and USD 40 million for Phase 2.

In 2019, the Government approved a number of policies, decrees, and legal instruments such as the National Green Growth Strategy of Lao PDR, Guidelines for Strategic Environmental Assessment, Decree on Environmental Impact Assessment, Decree on the Establishment of Nakai-Nam Theun National Park, guidelines for procedures and standards for water quality, and draft Guidelines on Atmospheric Particulate Matter (PM) Measurement.

(2). Development and implementation of the National Green Growth Strategy 2030 of the Lao PDR focused on implementing activities that support the integration of green growth into the National Socio-Economic Development Plan and sectoral and local development plans, with achievements as follows: Publishing and disseminating the National Green Growth Strategy, researching the establishment of the National Green Growth Promotion Centre within the framework of the Centre for Scientific Research, the Economic and Social Development Policy, and the National Institute for Economic Research; drafting guidelines and creating a monitoring and evaluation framework for the implementation of the green growth strategy; drafting guidelines for integrating green development into national, sectoral and local socio-economic development strategies and plans; and completion of training on monitoring and evaluation of the National Green Growth Strategy at the local level.

(3). Some of outstanding activities of the Global Green Growth Institute (GGGI) implemented in Lao PDR include supporting the Government of Lao PDR in improving policies in order to mobilise and attract investment and increase capacity in the areas of green growth and sustainable development, with progress as follows:

- Guidelines have been drafted for integrating the National Green Growth Strategy into the National Socio-Economic Development Plan and sectoral and local development plans.
- Support has been provided to the Ministry of Natural Resources and Environment to implement capacity building activities for monitoring, inspection, reporting and certification in the implementation of climate change mitigation programmes; and identify potential projects to attract funding from the Green Climate Fund and private sector engagement.
- Assistance has been provided to the Ministry of Public Works and Transport to promote the use of electric vehicles (cars), including policy framework and work plan improvement to attract funding; and implement the green city development pilot project in Vientiane Capital and Pakse City, focusing on waste management in Vientiane Capital and wastewater

treatment in Pakse City, with funding support from Korean International Cooperation Agency (KOICA).

- Support has been provided to the Ministry of Energy and Mines in preparing a plan to mobilise investment for the implementation of the 40 MW solar power project.
- Collaboration with the Ministry of Industry and Commerce was initiated to develop a project on energy efficiency in the industrial sector and green industry policy to attract energy efficient investments.

II. OVERALL EVALUATION OF THE 8TH FIVE-YEAR NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN (2016-2020) IMPLEMENTATION

Throughout the implementation of the 8th Five-Year National Socio-Economic Development Plan, both regional and international economic affairs and Lao PDR's domestic conditions have encountered many difficulties. The global economy has experienced a slowdown, with financial and monetary fluctuations, especially in Europe, the United States, and a number of other major economies. Additionally, the political and social instability in the Middle East. Moreover, the domestic economy has faced many difficulties and chronic problems, such as macroeconomic vulnerabilities, accrued liabilities, low budget revenue collection resulting in the inability to balance the necessary public expenditures, and violations of the planning-financial discipline, which, - despite some improvements- remain unresolved. Furthermore, natural disasters have occurred continuously and more frequently across the country, including the saddle dam collapse in Attapeu Province, which has had a direct impact on the state budget and the livelihoods of the affected people. Since the end of 2019, Lao PDR has also been severely affected by the COVID-19 outbreak.

Nevertheless, in the past five years, under the close leadership and guidance of the Government and the proactive and responsible actions of the sectors and local authorities, together with support from the people and development partners, the implementation of the 8th Five-Year National Socio-Economic Development Plan (2016-2020) has achieved many significant results, such as:

1. ACHIEVEMENTS

1. Our country continues to have political stability, and peace and order in society. The public administrative system has become more integrated with the rule of law, modernised, and society is becoming increasingly equitable and fair.
2. Significant milestone in leading the country towards graduation from Least Developed Country status (meeting two of the three LDC graduation criteria: per capita GNI of USD 1,996 and the Human Asset Index value of 72.8).
3. The implementation of the SDGs and the Government's Green Growth Strategy has been translated into concrete practice and received active international support, with many countries continuing to maintain their level of development assistance to Lao PDR, and some increasing their level of support.
4. The development of infrastructure and economic corridors for regional and international connectivity has yielded more tangible results, such as the Laos-China railway project and the Vientiane-Vang Vieng expressway, with satisfactory progress, which has become a fundamental factor in the production of goods and services along these corridors.
5. There has been improvement in the promotion and attraction of private investment. Many large-scale projects in the power and mining sectors have moved into production for export. Strengthening micro, small, and medium sized enterprises (MSMEs) has taken a

step forward, and the processing industry has grown to include the production of construction materials, textiles, beverages, mineral products, and wood products.

6. People's living standards have improved, while poverty has steadily declined. Attention has been given to the development of the material and technical foundations in the cultural and social fields, such as the construction and equipping of major hospital buildings, construction of schools and vocational training centres to develop human resources to a higher quality, and the promotion of gender equality have made good progress.
7. The state's organisational structure has been streamlined, in line with the actual roles and responsibilities as well as the personnel reorganisation plans of each sector.
8. The application of technological achievements to social services, and the modernisation of certain sectors of industrial production, banking and financial services and public administration services have been proactively and extensively implemented.
9. Cooperation with strategic partner countries has deepened, and at the same time regional and international cooperation has broadened and expanded in many forms and at many levels, which is an important contribution to the realisation of the SDGs and the National Green Growth Strategy.
10. Meteorological, hydrological, and agrometeorological work and activities have been developed and improved throughout the country. The climate change forecasting system and drought and flood monitoring have enabled timely reporting and response preparation. Planning has also been conducted to pilot the information system and prepare for seasonal animal and plant disease prevention.

2. KEY SUCCESS FACTORS

1. Throughout the implementation of the Plan, the Party Central Committee has provided close leadership and guidance in a systematic and consistent manner, in line with developments in the domestic and international environment.
2. The development directives set out in the Resolution of the 10th Party Congress are fully appropriate. As a result, the 8th Five-Year National Socio-Economic Development Plan 2016-2020 has been translated into detailed actions, in conjunction with the close supervision of the Government, sectors, and localities on the implementation this Five-Year Plan.
3. Our international partners have provided continued support, and our people of all ethnic groups have actively participated and contributed to the implementation of development plans.
4. The domestic and foreign private sectors have been actively involved in business and production, as well as contributing to social support.
5. Upon the approval of the Five-Year Plan by the National Assembly, the Government, sectors, and local authorities have translated it into detailed work plans and projects in order to mobilise funds for implementation in a targeted manner.

Nevertheless, an objective assessment shows that our socio-economic growth still faces many vulnerabilities, and therefore the sustainability of growth is not yet guaranteed in line with the directions set out.

3. SHORTCOMINGS, DIFFICULTIES AND CHALLENGES

1. Economic growth has not been in line with the direction set. The quality of growth is not yet sufficiently high and stable, still relying on the natural resources sector as the main driving force of the economy. Commodity production is undiversified and has not yet realised export potential.
2. Economic, financial, and monetary difficulties and public debt problems have not yet been proactively addressed. Revenue collection has not been achieved according to plan, and the state budget deficit remains high and rising. Offsetting this deficit is largely dependent on external borrowing. The accumulation of domestic and foreign debt has increased pressure on budget administration. Planning and financial discipline has not been strictly implemented. Monetary stability remains fragile, with foreign exchange reserves in some periods lower than planned.
3. Improvement of the investment and business environment has not been carried out in accordance with the policies and Orders issued by the Government. There remain many areas that lack transparency, which hinders development.
4. The promotion of local entrepreneurs, especially MSMEs is not yet sufficient. Most local enterprises lack self-development and efficiency in competition, and most state-owned enterprises (SOEs) operate at a loss and are heavily indebted.
5. The level of ownership in enhancing the utilisation of national potential, geographical location and other key factors have not been high enough and leveraging new opportunities and conditions arising from international cooperation have not been commensurate with needs and expectations. On the other hand, protecting the environment from unsustainable exploitation of natural resources has not been as effective as it should have been.
6. The modernisation process has not progressed sufficiently, and technical improvements and upgrading in many areas have not been able to meet the needs of development projects.
7. The issue of negative social trends, such as drug abuse and trafficking in persons, has not been effectively addressed. The quality of human resource development is still low, especially in the areas of education and health services. The labour force is lacking skills and competencies, and employment protection for the Lao people in the domestic labour market has not been firmly implemented. The problem of illegal foreign workers and the management of Lao labour working abroad has not been addressed in an effective manner. Unemployment remains high. In addition, inadequate management of income adjustment and distribution has led to social disparities between regions, between urban and rural areas, and between the rich and poor. Rural development and poverty alleviation, despite the effort, have not yet been carried out in a sufficiently comprehensive manner.
8. Public administration and governance by the rule of law, despite the attention and effort, have not been as effective as expected. There have been violations of the law and violations of individual rights on a regular basis, as well as interference by organisations or individuals in the public administration process. The enforcement of court judgments in some cases has not been straightforward or fully executed, with the issue of social justice not having been fully addressed. Management mechanisms and the division of responsibilities between the vertical and horizontal lines of organisational structure are not clear-cut, with the coordination among sectors and coordination between sectors and localities not being harmonious, , leading to unwarranted pressures in many cases. The division of management responsibilities according to the Sam Sang Directive has not yet been transformed. Efforts to improve and streamline the state's restructuring have not been effective and not as robust as had been expected and there is still duplication and overlap of responsibilities, including the implementation of the One-Door Service mechanism, thereby causing investors to lack confidence.

9. There has been a lack of responsibility among some individuals, with cases of abuse of authority for direct or indirect personal gain. Deployment of employees and staffing at each level in some areas of work have not been able to truly create a breakthrough and significant transformation.

4. CAUSES OF SHORTCOMINGS

1. The leadership and guidance on translating the 8th Five-Year Plan, in close connection with the implementation of the Resolution of the 10th Party Congress, into detailed work plans of the sectors and localities has not been implemented in a proactive, systematic, robust and correct manner, resulting in outcomes not being commensurate with the potential of the country. There has been insufficient planning of programmes and projects, as well as inadequate financial planning and human resource planning to support effective implementation. The presence of autocratic and bureaucratic working and leadership methods in organisations, and the lack of research into identifying problems accurately have resulted in unclear and unfocused identification of problem-solving measures. There has also been a lack of a systematic, continuous, and strong system of leadership, guidance and supervision from the central to the grassroots level, resulting in insignificant and limited outcomes.
2. The lack of strict implementation of laws and regulations has become a loophole for planning and financial discipline violations and misuse of authority. Poor inter-sectoral coordination and coordination between sectors and localities, as well as loose monitoring such as allowing the acquiring of land, forests and mines without clear development plans, has made it difficult to turn those resources into capital and to develop them to generate real revenue for the state budget.
3. The development needs of sectors and localities, including the grassroots, are high, but the capacity to provide the required budget is limited, leading to a chronic debt problem.
4. The overall macroeconomic situation is fragile, with a weak, unfocused and undiversified domestic production structure, as well as an imbalance between exports and foreign exchange inflows. In the event of incidents and emergencies, there is insufficient funds to address or correct the situation in order to efficiently return to normal conditions.
5. The occurrences of natural disasters such as floods, droughts and pests, the collapse of the saddle dam in Attapeu Province, the outbreak of COVID-19, and the ongoing trade war between the superpowers have inevitably affected the achievement of the 8th Five-Year Plan targets.

5. LESSONS LEARNT

1. Ensuring political stability and social order and strengthening the unity and solidarity of the multi-ethnic people of the nation under the leadership of the Party, as well as deepening the implementation of the Sam Sang Directive in close connection with the “**Patriotic and Development Movement**” is an important condition and determinant of the success or failure of the Plan.
2. Ensuring the consistency between the National Socio-Economic Development Plan and the National Strategy on Socio-Economic Development 2025, the Vision 2030, the LDC graduation objective, the National Green Growth Strategy and the Sustainable Development Goals is a key principle for continuous development.
3. Increasing the efficiency of public administration in accordance with the law, the strict implementation of laws and regulations, as well as the proactive deepening of efforts to

alleviate poverty and address social disparities are determining factors of the quality of development.

4. Creating a conducive environment in a systematic manner, including the formulation of coherent policies and mechanisms, and establishing a clear and comprehensive database and effective economic structure is important in attracting both domestic and foreign investment.
5. Enhancing the implementation of the strategy for developing a modern industry in the direction of Industry 4.0 and linked to the strengthening of personnel development in line with the economic structure, is an important factor for driving national development in the direction set by our Party. Additionally, educating people in the whole society to be frugal and disciplined is important in the development of a stable and sustainable country.

6. SOME IMPORTANT ISSUES THAT NEED TO BE ADDRESSED URGENTLY IN THE NEXT FIVE YEARS

1. Poverty alleviation and development efforts must be in accordance with the Sam Sang Directive, along with the creation of jobs and more inclusive distribution of income in order to reduce social gaps (between the rich and poor, and between urban and rural areas), focusing on ensuring access to essential public services (education and health) in remote areas.
2. Address economic vulnerabilities, especially growth that is largely dependent on the exploitation and use of natural resources, which has been low quality not as fast as expected, low quality unable to distribute income widely, and been based on a fragile and unstable production base. There is also a need to increase monitoring of the implementation of key targeted projects that promote production and services.
3. Resolve financial vulnerabilities, including the issues of public debt, incomplete revenue collection that is inconsistent with revenue potential, revenue leakages, as well as insufficient budget to meet the needs of development (budget is mostly focused on debt relief, which does not stimulate the economy and development), by elevating the implementation of austerity policies.
4. Address monetary vulnerabilities by focusing on resolving the foreign trade deficit, adjusting the growth of M2 money supply to create fiscal space and provide bank credits for efficient domestic production and services aimed at reducing imports and boosting exports, and strengthening the foreign exchange position to ensure the stability of the currency and prices.
5. Address the impact of the COVID-19 outbreak, focusing on the recovery of businesses affected by the outbreak, resolving unemployment, and developing skilled labour.
6. Improve public administration and social management, and address challenges such as drug abuse, corruption, and road accidents in a strict manner, moving decisively towards the rule of law. Improve and create an environment conducive to attracting investment and address inappropriate use of authority.
7. Focus on developing quality human resources in a targeted manner, promote occupational development and build experts in specific fields linked to modernisation in the era of Industry 4.0 and the post-COVID 19 new way of life (New Normal).

Near Final Draft

PART II:

9TH FIVE-YEAR NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN (2021-2025)

Near Final Draft

PART II: 9TH FIVE-YEAR NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN (2021-2025)

The 9th Five-Year National Socio-Economic Development Plan (2021-2025) aims to implement the Resolution of the 11th Party Congress. This Five-Year Plan sets out the fundamental direction for creating a turning point in socio-economic development in the coming years, and for ensuring the improvement of political-ideological factors, the economic system, and material-technical and socio-cultural foundations, including human resource development, and public administration and governance, national defence, public security and foreign policy, with the aim of developing the full potential of the country through the productive and service sectors in line with the green and sustainable development direction, improving people's well-being, ensuring a well-balanced system for international trade and settlement, and ensuring smooth graduation from the Least Developed Country (LDC) status, with economic development continuing to be the core task of the entire Party and the people.

During this Five-Year Plan period, it will be difficult for the economy grow rapidly due to the limited capacity of the budget, however the Plan will continue to implement the Four Breakthroughs: breakthrough in creativity breakthrough in human resource development, breakthrough in improving administrative and regulatory mechanisms, and breakthrough in poverty alleviation in a more proactive, vigorous and comprehensive manner. This will support the country to overcome obstacles and difficulties encountered at the end of the previous Five-Year Plan period, counter the possibility of falling into crisis, address macroeconomic risks, the high level of debt and low reserves, as well as promoting comprehensive transformation through extensive reforms of the economic structure, and enhancing and effectively utilising the potential of the country. Therefore, development efforts must move in the direction of quality, focused, green and sustainable.

I. ENABLING ENVIRONMENT AND CHALLENGES

1. REGIONAL AND INTERNATIONAL CONTEXTS

Global economy: The global economic and development outlook in the next five years faces especially high levels of uncertainty, owing to the ongoing impact of the COVID-19 pandemic, leading to unprecedented levels of debt, combined with disputes between major economies and the accelerating impact of climate change. As of July 2021, the International Monetary Fund (IMF) has estimated that the global economy contracted by 3.3% in 2020, but projects a rebound to growth of 6.0% in 2021, followed by 4.9% in 2022.

However, in practice the medium-term growth outlook for the world economy will depend on the scale, severity, and duration of the COVID-19 pandemic and the ability to control the pandemic and produce and roll-out vaccines. Although the global economy has reopened in some areas and sectors, recovery is expected to be uneven.

China's economy is growing at a slower pace than it has done in recent years, while risks from natural disasters continue to affect growth and slow down the pace of poverty reduction. Notably, in mid-May 2020, China announced that it would not set a 2020 GDP target due to uncertainties that made it difficult to estimate. According to the IMF estimates in October 2020, China's economy will grow by 2.3%. The United States is estimated to have experienced a contraction of 3.5% in 2020.

Outbreak of the coronavirus disease (COVID-19): To date (7th October, 2021), more than 219 million people worldwide have been infected with COVID-19 and more than 4.55 million deaths have been recorded. Due to rapid and widespread transmission, many countries have taken

strict measures to prevent the outbreak such as issuing instructions for people to stay home, suspending international flights, thereby forcing many airlines close to bankruptcy, restricting domestic and international movement, and suspending production, among others. The impact caused by this pandemic is the worst since the Great Depression in the 1930s, surpassing the East Asia financial crisis in 1997 and the global financial crisis in 2008. Moreover, the COVID-19 pandemic has also affected global poverty with an estimated 88-150 million people expected to be pushed back into extreme poverty: the global extreme poverty rate rising to about 9.1-9.4% in 2020 from 8.23% in 2019, effectively reversing development progress made since 2017 (World Bank, October 2020). However, although the impact is mostly negative, there have been some positive effects such as air quality improvement due to a reduction in emissions from the industry and transportation sectors leading to the most significant drop in emissions since World War II.

Trade war among the economic superpowers: The superpower trade war is likely going to continue for some time according to the assessments of various international institutions, which will affect the global economy, production and consumption, thus destabilizing the investment climate as investor confidence falls. Global foreign direct investment (FDI) is expected to decline by 40% in 2020 (United Nations). The effects of the superpower trade war have weakened the Yuan currency, causing China's economy and domestic consumption's growth rates to slow down. At the same time, decreasing consumption growth has also directly affected tourism in Southeast Asia. This may affect Lao PDR's tourism as well as Chinese investment in Lao PDR, as the Chinese economy is expected to grow at a slower pace for the next two to three years.

2. LOCAL CONTEXT

Despite the regional and international political turmoil and trade tensions between the superpowers, Lao PDR has been able to maintain political stability, peace, and social order, and the people of all ethnicities have full trust in the policy leadership and guidance of the Party and the State, and actively contribute to the nation's development efforts.

Nevertheless, Lao PDR continues to face difficulties, such as budget constraints, climate change, and natural disasters that have affected lives and property in the last two to three years. In addition, the COVID-19 outbreak at the end of the 8th Five-Year Plan period is expected to affect the country's economic development prospects in the coming years particularly the implementation of the 9th Five-Year Plan. At the same time, there remain risks coming from evolving global economic and trade trends, with the global trade volume expected to reduce by 10-30% in 2020 and recover to a modest level in 2021, as well as political conflict, climate change, and a declining trend of ODA. On the other hand, private investment may slow down, (UNCTAD reported that global foreign direct investment fell by 49% in the first six months of 2020 compared to 2019, prompting many countries to review and promote more domestic investment). Trading partners of Lao PDR such as China, Viet Nam, Thailand, Japan, and the United States have been severely hit by COVID-19, thereby significantly disrupting regional and international value and service chains and causing fluctuations in the price of goods and the level of demand and supply of services. The upgrading of measures to control and prevent COVID-19 outbreak has increased costs along the borders, directly affecting transportation. It is, therefore, necessary to continue to improve domestic policies to be harmonious and resilient in the long-term, especially in the event of future natural disasters or pandemic. In addition, Lao PDR faces other challenges such as weak public finances, difficulties in identifying sources of financing for green economic growth, and fully utilising the country's potential and advantages, including a young population to drive private sector development, and therefore relevant policies should be prioritised to be implemented uniformly and effectively.

Lao PDR has been heavily affected by the COVID-19 pandemic, with 26,876 confirmed cases and 23 deaths so far in the country (7th October, 2021). The pandemic has had a profound

effect on the country's socio-economic development. Based on the lessons learned from these impacts, and looking ahead, Lao PDR should identify policy options to mitigate medium-term and long-term impacts aimed at treating infected cases and recovering and strengthening the resilience of the country's socio-economic development process starting from the focus on expenditure tightening, reprioritisation of public spending and continued efforts to mobilise financing from various sources to provide targeted support to social sectors, particularly affected households and businesses. In the long run, as well as during the implementation of the 9th Five-Year Plan, it is necessary to actively promote economic diversification along with building the competitiveness of the business sector by enhancing connectivity. At the same time, focus should also be given to strengthening human resource development and the social protection system to be able to cope with future emergencies and sudden changes. Furthermore, attention must be given to strengthening the health sector, in particular the availability of medical equipment, health workers, testing and diagnostic facilities, and strengthening emergency response capacities in the areas of prevention and control, monitoring system, laboratories, healthcare services, and timely provision of data and information.

3. SOCIO-ECONOMIC DEVELOPMENT POTENTIAL

The implementation of the 9th Five-Year Plan is taking place at a critical moment, both domestically and internationally, offering important opportunities for Lao PDR to achieve its development goals. The key factors that will drive development in the coming five years are: 1) Young population, 2) Rich natural resources, 3) Geographical location of Lao PDR and growth of countries in Asia, including neighbouring economies and 4) Application of modern science and technology. .

Lao PDR has the advantage of geographical proximity to neighbouring countries with good economic growth, which provides a stable basis for development and a source of employment for its young people, with 60% of the population under the age of 25, which can in turn contribute to national development. Lao PDR has enjoyed stable economic growth over the past years, its clean energy sector still embodies great potential, and its fertile land is suitable for agriculture and is a valuable asset that can become a source of growth and job creation in the future.

3.1. Young population and modern development process

The young population in Lao PDR account for 60% of the population, which serves as a driving force in attracting future investment on the basis of building workforce readiness by optimising investment in the development of human resources. Based on the country's population growth, the share of working-age population, and trends of birth and death rates, Lao PDR entered a period of opportunity to reap a demographic dividend in 1996. and is expected to last until 2048. This will be a 50-year of window of opportunity. As of 2018, the median age in Lao PDR is 24 years and it is projected that Lao PDR will become a pre-aging society by 2038, and an ageing society by 2059. The country has a great opportunity to benefit from having a vibrant young population including migrant workers who can contribute to development to drive rapid growth. To achieve this requires effective investment in the health and education sectors at all levels, both quantitatively and qualitatively, in particular, early childhood education, to create opportunities and targeted and effective investments for maximum benefits.

3.2. Abundance of natural resources and diversity of national assets (natural resources, infrastructure and institutions)

Lao PDR is blessed with rich and diverse natural resources, which has been the country's major growth driver and can continue to be a lucrative economic force if the economy is restructured so that it supports the diversification of goods, markets and assets, and a gradual shift towards the digital transformation to reduce risks affecting development. Therefore, it is important and necessary to identify policies that promote the diversification of production and export, including policies to promote the diversification of the use of national assets to turn them into both physical capital (e.g. number of schools and hospitals) and intangible capital, which will be more valuable than the physical capital in the long run (e.g. educational achievement and road quality improvement).

Sectors showing potential include agriculture, tourism, energy, and transport, with agriculture and tourism having the highest labour force participation rates. **Agriculture:** Lao PDR is rich in arable land and has a relatively large land area for production due to low population density, making it favourable for agricultural production, especially for clean, modern and sustainable agriculture, which is increasingly in demand in the domestic and international markets. Lao PDR has benefited from various preferential tariff schemes particularly the quota-free and duty-free market access for agricultural products to China and exports to the European Union. However, due to limited productivity, budget and technological capacities, and the impact of natural disasters, agricultural production has been unstable and unable to meet export demand and quality. **Tourism:** Tourism is another sector with great potential given the country's geographical location, being connected to many adjoining countries, and covering unique cultural and natural features. According to the United Nations World Tourism Organisation (UNWTO), international tourist arrivals in Lao PDR reached 4.8 million, an increase of 14.4% in 2019, making Lao PDR one of the world's fastest growing tourist destinations. Tourism accounted for 13% of GDP and 13% of total employment, with international tourism receipts in 2019 totalling over USD 900 million, prior to the impact of COVID-19. Therefore, it is necessary to promote tourism related to agricultural production, poverty reduction and rural development including homestay programmes, nature conservation and handicrafts, such as the use of locally produced products, construction materials, and Lao handicrafts for decoration, among others. **Energy:** Efforts must be made to increase the production and consumption of clean energy and study the potential of production and consumption of energy along with energy export, as Lao PDR has a high level of potential for electricity generation. This could include promoting the use of electric vehicles (an indicator in Lao PDR's National Green Growth Strategy), which could reduce the import of fossil fuels and shift towards electricity use. However, detailed research is needed, including a feasibility study of the energy needs of other sectors. **Transport:** Transport is a sector that will turn the country's challenges from being a landlocked country into an opportunity for regional and international integration and connectivity, through the opportunities provided by land and air transport links, such as the Laos-China railway, and the Vientiane Capital-Vang Vieng expressway to transport domestically produced goods and transit goods to neighbouring countries, enabling integration into the value chains through modern transportation logistics and production systems, with policy adjustments to ensure versatility, agility, quality, cost-efficiency, economy of scale, and environmental sustainability.

3.3. Geographical location of Lao PDR and growth of countries in Asia, including neighbouring economies

The favourable geographical location of Lao PDR and the growing prosperity of Asia, especially China and ASEAN countries, is another important factor that will create opportunities for the implementation of the 9th Five-Year Plan. In 2018, Asia's manufacturing output was about

24% of total global manufacturing output, compared to only 4.1% in 1960. In particular, since 2008, the rapid economic growth of China and East Asia has attracted investment and further accelerated economic growth. It is expected that most of the future global growth will take place in Asia, with China and India becoming the sources of concessional financing for infrastructure projects, tourist inflows, foreign investment and export markets that provide preferential trade benefit for Lao PDR. At the same time, according to the World Economic Forum (December 2019), by 2030, Asia is expected to contribute about 60% of global growth, and Asia-Pacific will be responsible for the majority of the 2.4 billion new members of the middle-class entering the global economy, therefore giving Lao PDR the potential to take advantage of its geographical location being at the centre of regional integration and connectivity in terms of capitalising on spending power, financing sources, and partnerships.

3.4. Application of modern science and technology

In recent years, science and technology development has advanced rapidly. Therefore, Lao PDR should seize this opportunity for socio-economic development, especially the application of science and technology in production, services, and human resource development to achieve higher quality growth and to be able to compete at the regional and international levels, as well as improve public governance and administration to be more efficient in revenue collection and expenditure.

4. LEAST DEVELOPED COUNTRY (LDC) GRADUATION

The 2011 Istanbul Program of Action aims to enable at least half of the 47 LDC countries to meet the criteria for graduation by 2020. However, this goal may not be achieved as over the period 2011-2021, only 14 countries will have been found eligible, with different effective dates for graduation spread throughout this decade.

At the 2021 triennial review of the list of LDCs Lao PDR met all three graduation criteria, and was recommended for graduation with an extended 5-year preparatory period. Based on the assessment of the United Nations Committee for Development Policy (CDP), at the 2021 triennial review, Lao PDR has met all three graduation criteria: Gross National Income (GNI) reached USD 2,265 exceeding the graduation threshold of USD 1,222 or above, the Human Assets Index (HAI) reached 72.2 exceeding the threshold of 66 or above, and the Economic Vulnerability Index (EVI) reached 26.6 surpassing the threshold of 32 or below, making this the second time that Lao PDR is found eligible at two successive triennial reviews (at the previous review in 2018, Lao PDR only met two of three criteria: GNI and HAI, but did not meet the EVI criterion). The improvement recorded on the EVI partly reflects revisions made to the method used to calculate the index.

The privileges and benefits of being an LDC include preferential market access including the Everything But Arms (EBA) benefits and access to low-interest loans. These benefits will cease to be available after leaving the LDC status. Nonetheless, as Lao PDR's exports and export value under the EBA framework is not of a significant level, it is therefore not an unmanageable cause for concern. In the long run, the benefits that Lao PDR will gain after graduation will outweigh those of being an LDC as the economy grows and becomes more diversified, while the development constraints and challenges are addressed. Therefore, it is necessary to have a plan and determine a strategy for graduation. The least developed countries, including Lao PDR, have benefited from the 136 international support measures, making it essential to ensure continued benefits and minimise disruption with consistent measures during the transition and post-graduation period.

The benefits of LDC graduation for Lao PDR are twofold: 1) it will help enhance the country's overall political image, with a clearer strategic direction and effort to ensure more

effective implementation; and 2) improved credibility in international markets, facilitating access to finance and more favourable credit terms. Such benefits, however, may not be sustained if the country's sovereign credit rating, credit history and business environment fail to meet external expectations. However, if clear regulations and improved processes and policies are in place, Lao PDR's LDC graduation can change the perception of the international markets from negative to positive.

The Government must continue to prioritise and prepare comprehensively for LDC graduation over the extended 5-year preparatory period (2021-2026) to ensure that graduation is smooth and sustainable. To that end, Lao PDR needs to implement development measures to cope with the impact that will follow, especially moving towards sustainable, self-reliant development, by taking steps to reduce economic barriers. Therefore, developing a sound smooth transition strategy is important to build resilience to external influences such as declining aid and large-scale foreign investment, due to the unstable international environment and the need for countries to build preparedness under the Sendai Framework for Disaster Risk Reduction and the United Nations Framework Convention on Climate Change (UNFCCC).

5. BECOMING AN UPPER-MIDDLE INCOME COUNTRY

Lao PDR could become an upper middle-income country by 2030 if it could maintain an economic growth of 6.5%-7% and a population growth rate of 1.7% per year, thereby achieving a per capita gross national income (GNI) of USD 4,000, an increase from USD 2,445 in 2018 (Atlas method). However, even then, Lao PDR would still be at the lowest end of the spectrum as upper middle-income countries range from a GNI per capita of USD 3,996 to USD 12,375 (World Bank classification as of July 2019). The long-term sustainability of Lao PDR's growth would depend on economic structural transformation related to diversification of production and trade, driven by the proactive and effective implementation of the National Socio-Economic Development Plan.

6. SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The 2019 United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) survey called upon countries, especially least developed countries, and Cambodia, Lao PDR, Myanmar, and Vietnam (CLMV) in particular, to increase investment in human capital development to 12-16% of GDP to address poverty and improve education. The survey also highlighted the need for Lao PDR to increase its efforts to improve education, health, and social protection, which is in line with the direction of the 9th Five-Year Plan. Attention must be paid to mobilising resources to continue integrating the SDGs into the country's development plans and financial plans by setting clear policies, monitoring and evaluation frameworks, and implementation mechanisms.

One global priority is financing the SDGs, with a longstanding commitment by developed countries to provide 0.7% of GNI in ODA to developing countries, in order to increase investment in urgent and priority areas, or goals for which the global community risks being off-track, in particular, provision of quality nutrition and health services, reducing maternal mortality ratio to below 70 per 100,000 live births (SDG3.1) and under-five mortality to at least as low as 25 deaths per 1,000 live births (SDG3.2), which remain a challenge in Lao PDR.

Achieving the SDGs is very challenging and there are disparities among countries on progress towards the SDGs. Moreover, the COVID-19 pandemic has impeded development efforts and threatens to reverse accumulated gains, further undermining the goal of achieving the 2030 Agenda for Sustainable Development, especially amid shrinking development assistance budgets

and investment, rising poverty rates, overburdened health systems, and rising climate change risks. Specifically, the SDGs that are likely to be most severely negatively affected by COVID-19 are SDGs 1, 2, 3, 8 and 10, according to the assessment of short-term impacts of COVID-19 on the SDGs in the 2020 SDG Report by the Sustainable Development Solutions Network (SDSN). In order to provide a framework for recovery towards achieving the SDGs, the SDSN recommends focusing on the six SDG Transformations namely: 1) Education, gender and inequality; 2) Health, well-being and demography; 3) Energy decarbonisation and sustainable industry; 4) Sustainable food, land, water and oceans; 5) Sustainable cities and communities; and 6) Digital revolution for sustainable development. Overall, the direction and priorities of the 9th Five-Year Plan are in line with these six principles.

7. GREEN GROWTH

Lao PDR's National Green Growth Strategy 2030 is a key tool to ensure that the long-term socio-economic development objectives, in particular LDC graduation, moving towards becoming an upper middle-income country and achieving the SDGs in 2030 are in line with the green and sustainable growth direction. The Strategy contributes to the promotion of (1) economic growth, improving the living standards of people in urban and rural areas, and creating jobs and income-generating activities for the people; (2) enhancing the efficiency, effectiveness, and sustainability of the country's use of finite natural resources for maximum benefit, especially forest resources, land, minerals, water resources, water sources, and biodiversity, among others; (3) mitigating the risks and vulnerabilities of the country's economy in relation to natural disasters and the increasingly volatile global economic situation that is difficult to predict; and (4) reducing or limiting the increase in pollution, waste, and greenhouse gas emissions that are the main causes of climate change, natural disasters and many diseases.

III. OVERALL DIRECTIONS, OUTCOMES AND OUTPUTS OF THE 9TH FIVE-YEAR NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN (2021-2025)

The 9th Five-Year Plan aims to implement the Resolution of the 11th Party Congress and to continue the implementation of the Party's Development Strategy 2016-2025 and Vision 2030.

1. OVERALL DIRECTIONS

- 1) Continue to make comprehensive preparations to lead the country out of the Least Developed Country status, ensuring employment and improved living standards of the people with inclusive, equal and fair access to benefits, ensuring political stability, building a peaceful, united, democratic, just, civilised and orderly society, achieving socio-economic development by ensuring a balance between economic, social and environmental development, and effectively implementing the National Green Growth Strategy and the Sustainable Development Goals 2030;
- 2) Achieve breakthroughs in overcoming weaknesses, shortcomings, and obstacles to development, addressing financial and monetary difficulties effectively, and increasing preparedness to deal with emerging challenges, such as the impact of COVID-19, climate change, and regional and international uncertainties;
- 3) Develop quality human resources as an important factor in promoting socio-economic development, create quality economic growth by reforming the economic structure in each sector and locality, enhance the factors that promote national potentials by using appropriate

information and communication technologies (ICT) to create opportunities and to lead production of goods and services, as well as the engine for growth to step by step build a strong foundation for economic strength and self-sufficiency.

2. MAIN OUTCOMES

In order to achieve the overall directions of the 9th Five-Year Plan, efforts must be focused on implementing the following six main Outcomes:

- 1) Continuous quality, stable and sustainable economic growth achieved;
- 2) Improved quality of human resources to meet development, research capacity, science and technology needs, and create value-added production and services;
- 3) Enhanced well-being of the people;
- 4) Environmental protection enhanced and disaster risks reduced;
- 5) Engagement in regional and international cooperation and integration is enhanced with robust infrastructure and effective utilisation of national potentials and geographical advantages;
- 6) Public governance and administration is improved, and society is equal, fair and protected by effective rule of law.

3. OUTPUTS OF THE 9TH FIVE-YEAR NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN (2021-2025)

Outcome 1: Continuous quality, stable and sustainable economic growth achieved

The objective of continuous quality, stable, and sustainable economic growth is linked to the transformation of the economic structure in the direction of industrialisation, modernisation, and economic diversification towards production and service sectors with higher efficiency, effectiveness, and value-added potential, in line with the country's untapped potential, adopting high yield technologies in agriculture, upgrading industrial production capacity and promoting the service industry in order to create jobs for the people. Macroeconomic stability needs to be ensured through strong financial and monetary positions, systematic alignment of fiscal and monetary policies in line with current socio-economic situation, focus on reforming public financial management in a systematic and continuous manner, improvements in revenue collection and expenditure control, stability of the national currency, and efficient channelling of available resources towards the achievement of national development priorities, aimed at economic recovery from the impact of the COVID-19 pandemic after 2020. Efforts must be made also to ensure more targeted, quality, and effective investment; strengthen the linkages between state plans and budgets, and attract private sector investment to support socio-economic development goals; create an enabling business environment and investment climate to enhance competitiveness and diversify the economy; develop quality, robust, and regionally and internationally competitive MSMEs; and strengthen SOEs to be more efficient and able to fully contribute to socio-economic development.

1. Output 1: Quality and sustainable economic growth

The quality of the national economy must be developed by transforming the economic structure towards industrialisation and modernisation, increasing economic diversification in the production and service sectors with high efficiency and added value in line with the potential of the country. Focus should also be given to promoting industrial processing sectors linked to regional and international value chains and other potential sectors that can be further explored such as

agriculture and tourism to generate revenue and foreign exchange earnings, create jobs for a large number of people, and substitute imports.

Based on the direction of quality growth, Lao PDR will diversify its economy by reducing its reliance on natural resources to make growth sustainable, while minimising external impacts and increasing productivity, as well as shifting towards sectors that promote and drive economic growth. This could be realized with the use of modern technology, aiming to create more jobs, build connections with other sectors of the economy and integrate into regional and international value chains and transportation logistics processes. Nonetheless, in the coming years, the country will still need to use natural resources for economic and social development, but will use them responsibly in line with sustainable and green growth directions.

1.1. Targets and Indicators:

- Attain economic growth at an average rate of 4% or more per year, valued at LAK 1,056,692 billion at current prices over five years, GDP per capita of USD 2,880, and GNI per capita of USD 2,280 by 2025:
 - o Agriculture sector growth at an average rate of 2.5%
 - o Industry sector growth at an average rate of 4.1%
 - o Service sector growth at an average rate of 6%
 - o Customs and tax revenue growth at an average rate of 5.8%
- Restructure the economy in the direction of quality, sustainable, and green growth, by 2025, the agriculture sector to account for 15.3%, industrial sector 32.3%, service sector 40.7% and customs and taxes 11.7% of the gross domestic product (GDP).
- Agriculture and forestry sector:
 - o Agriculture: To guarantee food security and products for export, total paddy rice production must reach 3.5-4 million tonnes per year, an increase of 17,310 tonnes or about 10.9% compared to 2020; average crop production per year: 175,000 tonnes of coffee; 636,900 tonnes of feed corn, an increase of 118,774 tonnes or about 22.9% compared to 2020; 3.6 million tonnes of cassava; 1.6 million tonnes of sugarcane, an increase of over 400,000 tonnes or about 34.3% compared to 2020; 753,500 tonnes of bananas, an increase of 14,396 tonnes or about 1.9% compared to 2020; 131,220 tonnes of sweet potatoes; 14,000 tonnes of tea; and 74,750 tonnes of beans;
 - o Livestock: Livestock growth to reach 3-4% per year, of which buffalo growth should be at 1% per year, cattle 3% per year, pigs 4% per year, sheep/goats 5% per year and poultry 5% per year. Export 200,000 cows by 2025. Supply 340,000 tonnes of meat and eggs, an increase of 7.8% compared to 2020;
 - o Fishery: Fish farming and aquafarming growth to reach 3-4% per year. Supply 237,000 tonnes of fish and other aquatic animals, an increase of 8.4% compared to 2020;
 - o Forest growth to reach 1.5% per year;
 - o Agricultural export average to reach USD 1,200 million per year, an increase of USD 400 million compared to 2020.
- Industry sector:
 - o Increase the value of industry and handicraft production to LAK 83,079.8 billion or an average growth of 8-10% per year;
 - o Export value to reach USD 38,043.5 million or an average growth of 8-10% per year;
 - o Import value to reach USD 32,927.3 million or an average growth of not more than 9% per year;

- Generate 276,096 million kWh of electricity, an average increase of 15.8% per year (70% increase compared to the 2016-2020 plan), production value at LAK 140,879 billion (an increase of 79% compared to the 2016-2020 plan);
- Average domestic demand for electricity in the period 2021-2025 is estimated to increase by an average of 8.1%-10.7% per year, indicating that by 2025 the domestic demand for electricity is expected to be at least 2,132 MW and in the maximum case will increase to about 2,880 MW. Electricity export to reach about 5,000 MW;
- Mineral production (unprocessed) to reach USD 7,832.10 million (an increase of 4% compared to the 2016-2020 plan) and sales of minerals to reach USD 8,336.40 million, of which, domestic sales is USD 1,974 million and export is USD 6,362.40 million;
- Survey and establish baseline geological and mineral data at a scale of 1/200,000 in 74,696 km² of non-surveyed areas (equivalent to 31.5% of the country's total area)
- Service sector:
 - Increase the value of flow of goods to LAK 424,227.5 billion or an average growth of 8-10% per year;
 - Increase the volume of passenger transport in the transport connectivity network with countries in the region, via all modes of transport: road by 7% per year, waterways by 5%, airways by 12%, railway by 3-5%;
 - Increase freight volume in the transport connectivity network with countries in the region, via all modes of transport: road by 7% per year, waterways by 5%, airways by 12%, railway by 3-5%;
 - Attracting tourist arrivals, in order to reach 15 million, generating USD 3,813 million in revenue (accumulated over 5 years), with an average tourist stay of seven days per person (providing that COVID-19 vaccination is available and that the international borders are re-opened);
 - Survey, allocate, demarcate, and issue certificates for 30 tourism destinations.

1.2. Priority Activities:

- Agriculture sector: The agricultural sector is a potential sector that can be further leveraged to maximise the benefits of the trade privileges that Lao PDR enjoys, as well as to generate more income and jobs for the people. Focus must be given to the following areas: (1) Agricultural production must be closely linked to the production chains of the processing industry to serve domestic and international demands; (2) Produce crops and livestock that already have a market and support the needs of new markets; (3) Shift from single-crop farming to diversified or multi-crop farming (mixed crop system) especially high-yield crops; (4) Promote Good Agricultural Practices (GAP) and organic farming for domestic consumption and tourism attraction; (5) Improve the efficiency of agricultural production with the use of modern tools, new techniques and science innovations, and new varieties of crops, and transform traditional and fragmented farming practices into production groups or the new cooperative production model, using modern technology (Smart Farming); (6) Create access to credit and markets; (7) Develop strong agricultural infrastructure resilient to natural disasters; (8) Identify areas and types of farming and animal husbandry that are suitable to the potential of each locality and the actual needs of the market; and (9) Establish higher food safety standards.
- Rice production is concentrated in seven major plains namely: Vientiane plain, Bolikhamxay plain, Xebangfai plain, Xebanghieng plain, Xedone plain, Champassak plain, and Attapeu plain. Whereas the production of food crops and other industrial crops is based on the special features of each potential production area in each province, such as: growing vegetables to supply big cities (potential production areas include the Bolaven plateau - Champassak, Saravan and Sekong), growing sweet corn for domestic consumption and to supply

agricultural processing plants (potential production areas include Sayaboury, Vientiane Province and Bolikhamxay), growing cassava to supply cassava starch factories and export dried cassava to Thailand and Viet Nam (potential production areas include Sayaboury, Saravan, Champassak, Savannakhet and Bolikhamxay), growing sugarcane to supply sugar factories in potential areas such as Savannakhet, Attapeu, Phongsaly and Luang Namtha, growing bananas for export to China, focusing on Oudomxay, Bokeo, and Attapeu, and growing watermelons for export to neighbouring countries, focusing on production areas in Vientiane Province, Savannakhet and Luang Namtha.

- Livestock and fisheries: Aim to supply meat, fish, and eggs to meet demands and generate income for the people, focusing on raising large animals, 200,000 cattle for export to China (5-year cumulative figure); develop native buffalo breeds and promote breeding techniques to increase production efficiency; promote the shift to more farm-based pig-raising, as well as promote adequate pig feed production and improve the quality of animal feed, ensuring vaccination and treatment of parasites in animals to reduce the damage caused by epidemics; encourage raising of native poultry in rural areas to increase food stocks with measures to promote breeding techniques and implement production standards for consumer safety; produce native fish species and all kinds of aquatic animals that have economic potential to cover 30% of all fish hatcheries with the aim of expanding breeding grounds and centres, and transferring integrated farming techniques, along with water source conservation, and sustainable use of aquatic resources.
- Promotion of agricultural techniques and production models: By 2025, areas for clean and safe agricultural production will have been identified and certified by standards such as GAP, OA, SCV and GI in at least one to two places per district; food crops and commodities are to be classified, have standardised packaging, to be value-added and processed into primary products to account for 50% of the goods entering the market. Promote the use of agricultural machinery in the production process such as ploughing, cultivating and harvesting to reduce costs, save labour and increase productivity; promote the production of rice and crop seeds and varieties that are resistant to climate change and reserve them for rain-fed production and as mitigation measures against droughts and floods. Upgrade and modernise technical infrastructure such as agricultural machinery, mills, dryer domes, seed sorting plants, drying plants, wholesale-retail markets, cold storage, bio-fertiliser factories, feed mills and slaughter houses to meet international standards; and develop agricultural extension centres and agricultural technical service stations, focusing on disseminating agricultural farming knowledge and training for farmers and agribusinesses, and establish technical service units for farmers.
- Industry sector: The transition from reliance on the natural resource sectors to light industry sectors must be realised to diversify and restructure the economy, promote job-generating industries and reduce imports, along with the continuation of industrial sectors that are important in driving economic growth and generating national revenue. The key priorities are:
 - Continuously develop and expand the processing industries that are connected to the regional and international value chain networks, including the current potential industries such as food and beverage, textile and garment, construction materials, and agro-forestry processing. New potential industries to be promoted include metal mineral processing, non-ferrous metals and chemicals, electrical appliances and electronics, automobile and agricultural equipment, and printing and packaging;
 - Promote the goods and services production with high growth opportunities that help reduce imports;
 - Promote the production of One District, One Product traditional and unique handicraft products to promote local knowledge and link them to tourism, such as: silk fabric, wood

carving, accessories and souvenirs, weaving tools, pottery, traditional food, and traditional weaving;

- Encourage investment in Special Economic Zones, and industrial zones and industrial estates to establish a production base for export, especially the production chain sectors related to MSMEs and international production networks and direct buyers, while ensuring that any tax exemptions are based on the direction of expanding the tax revenue base and protecting workers' rights;
- Enhance efforts towards building Smart Cities, study and develop dry ports and warehouses, and loading-unloading facilities along the Laos-China railway, including smart cities in Luang Namtha, Oudomxay, Luang Prabang, and Vientiane Province;
- Promote the energy and mining sector, particularly ensuring commencement of the construction of Luang Prabang hydropower dam, development of solar energy and waste-to-energy technologies, and increase the efficiency of pre-export mineral processing by ensuring markets for exports and supporting the establishment of processing plants or smelters to generate products for domestic consumption and export;
- Focus on building infrastructure to strengthen domestic connectivity, as well as regional and international connectivity, and building infrastructure needed for rural development and poverty alleviation, such as the Vang Vieng-Luang Prabang expressway and the Luang Prabang-Luang Namtha expressway.
- Service sector: The service sector covers the largest share in the economic structure and job creation. Therefore, it is necessary to take advantage of the emerging opportunities, especially from the Laos-China railway (Boten-Vientiane Capital section) and the Vientiane Capital-Vang Vieng expressway in an effective manner in order to maximise the growth potential for tourism, and goods and passenger transportation. Focus must be given to:
- Tourism sector: Develop and improve infrastructure, tourism facilities, as well as upgrade the services of hotels, restaurants, and travel agencies to a high-quality and modern standard; improve and develop tourist attractions, in particular focusing on eco-tourism, and cultural, historical, and agricultural tourism related to participatory conservation tourism, as well as create a variety of tourism products, and increase the use of local products, raw materials, and organic vegetables to reduce imports. Facilitate the use of technology to attract target tourist groups and link with regional and international tourism programmes, and implement the Lao PDR Tourism Recovery Roadmap for 2021-2025, in particular, the promotion of domestic tourism campaign "Lao Thiao Lao" to help stimulate the domestic economy with policies to promote and support more local tourism, such as: creating conditions for booking services with multiple options, tours with discounts according to marketing strategies, discounted fares, and studying the possibility of a working policy to enable a 4 to 4.5-day work week or long weekend to encourage domestic tourists to travel locally for several days and also to boost and distribute revenue for the tourism and hospitality businesses (as has already been implemented in other countries to create conditions for tourists to travel and spend more). This should run in parallel with other studies to prepare for welcoming international tourist groups, and tourism cooperation with neighbouring countries and countries that present a low risk of transmission of COVID-19 as designated travel bubbles. In the aftermath of COVID-19, the tourism sector must promote and increase domestic production and consumption, along with increasing safety and confidence for consumers and travellers, which is important as the pandemic has changed lifestyles, such as concerns about traveling, strict travel hygiene requirements, working from home and online learning. Therefore, planning for tourism development and promotion must consider the "new normal" to ensure that travellers have confidence in the standards and safety of accommodation, transportation, food services, green tourism, as well as agricultural

production by promoting the use of local raw materials, and credible, standardised insurance services, among other things. In the future, tourists are expected to be more inclined to change their behaviours and become more interested in rural and natural tourism activities;

- Promote wholesale-retail and repair services related to the promotion of domestic production; and review relevant legislation and regulations on the development and promotion of e-Commerce, as well as improve coordination between stakeholders and promote an environment conducive to e-Commerce;
- Upgrade telecommunication, integrated logistics, and postal services to be agile and modern in order to facilitate efficient business transactions and payments, among others;
- Logistics services: Continue to manage the dry ports that have been developed such as Savannakhet and Thanaleng dry ports; and monitor and manage the construction of dry ports being developed such as Thakhek and Champassak dry ports. In addition, develop other potential dry ports as hubs connecting ASEAN countries and the region with destinations suitable for stopover and distribution of goods, and transit transportation, such as Natoei dry port (Luang Namtha), KM 20 dry port (Bolikhamxay), Huayxai dry port (Bokeo), Luang Prabang dry port (Luang Prabang) and Meuangxay dry port (Oudomxay).

2. Output 2: Robust and stable macroeconomic management ensured

Macroeconomic management in the next five years must focus on systematic and continuous reform of public financial management, aiming to: (1) increase revenue collection by expanding the tax base, (2) manage public expenditures more efficiently, (3) manage contingent liabilities and public debt prudently, and (4) maintain exchange rate stability.

2.1. Targets and Indicators:

- Maintain fiscal and monetary stability with close harmonisation of fiscal and monetary policies.
- Build strong, transparent, modern, and fair public financial management foundations:
 - o Attain total budget revenue of no less than LAK 179,500 billion or 17% of GDP, of which domestic revenue should reach LAK 166,753 billion or 15.8% of GDP;
 - o Expenditures should not exceed LAK 190,000 billion or 18% of GDP, of which investment expenditure should be LAK 59,500 billion or 5.6% of GDP;
 - o The average budget deficit over five years should be LAK 10,500 billion or 1% of GDP. The maximum deficit should not exceed 2% of GDP;
 - o Restructure and manage public debt to a manageable level;
 - o Gradually increase government reserve funds and foreign exchange reserves to ensure the management of disaster risk and other risks of economic crises;
 - o To ensure the stability of the national currency, the average inflation rate should not exceed 6%, the exchange rate against the USD should be stable within the defined band of $\pm 5\%$ per year, foreign exchange reserves should be maintained to cover at least three months of imports, and manage M2 money supply growth at an average of no more than 20% per year;
 - o Deposits in commercial banks should reach 60% of GDP; bank credits should be at 49% of GDP, and capital market mobilisation should be increased to 15-18% of GDP;
 - o The average non-performing loan (NPL) ratio of the entire banking system should not exceed 3% of the total credit balance.

2.2. Priority Activities:

- **Fiscal policy:** Continue to comprehensively reform the financial sector to be sound and sustainable by improving the efficiency of revenue management and budget expenditure implementation, establishing legislation that sets the framework for financial security;

establish a system of mechanisms, regulations and the use of modern tools for revenue collection and expenditure through the banking system; and strictly implement financial discipline by enforcing the financial sector laws in order to fully collect revenue and implement expenditures in accordance with the law.

- Ensure effective management of public debt by considering and issuing appropriate measures in accordance with the public debt management strategy as well as the Public Debt Management Law, and reduce budget risk from contingent liabilities by identifying appropriate measures to address issues such as post-disaster recovery costs. At the same time, it is necessary to ensure systematic alignment and consistency between development planning and budgeting by tightening expenditures and increasing revenues in order to create fiscal space aimed at allocating more resources to the social sector and infrastructure development; and focus on strengthening public investment management to reduce risks associated with multi-year budget execution by establishing an effective coordination mechanism between the Ministry of Planning and Investment and the Ministry of Finance, enhancing efficiency in project proposal submission and monitoring in accordance with the project schedule, ensuring quality investment, and avoiding the creation of contingent liabilities.
- Increase the efficiency of public expenditures and reduce expenditures in line with revenue collection capacity by implementing the Mid-Term Budget Framework 2021-2025, which will help create fiscal space for public finances. Improving the efficiency of progressive revenue collection will continue to focus on the transition to a modern Tax Registration Information System (TaxRIS), bank payments, online revenue collection, and database management especially for value-added tax, personal income tax, land tax, tax exemptions and other taxes. In the medium term, it is necessary to expand the tax revenue base to include new taxable enterprises and businesses. In the long run, the Government must focus on expanding its tax base by gradually shifting away from a resource-based economy to a more diversified economy, aimed at improving the business environment, and set policies to promote micro, small and medium enterprises, especially modern and diversified financial access mechanisms.
- **Monetary policy:** Ensure the stability of the national currency by continuing to use and develop monetary policy operations more effectively; apply the exchange rate policy according to the managed market mechanism; manage foreign currency efficiently, along with the development of a modern and secure national payment system to better meet international standards; improve the management of commercial banks and non-bank financial institutions to better meet international standards; establish legislation on the management of financial security; continue to develop the infrastructure necessary for the modernisation of the financial and monetary system to support the transition to a digital economy, particularly a system for collecting, monitoring and verifying financial information in a more up-to-date and accurate manner; support financial consumer management organisations, asset assessment agencies, and electronic payment management systems to be more comprehensive, secure and effective; and promote financial inclusion to enable individuals and businesses to have greater access to credit and savings products and services.
- Macroeconomic management: Establish a stronger, integrated and effective coordination mechanism between the macroeconomic sectors, and develop a comprehensive set of tools for systematic macroeconomic monitoring and analysis.
- Ensure the consistent and harmonious implementation of fiscal and monetary policies, aiming to contribute to continuous and sustainable socio-economic development.

3. Output 3: Investment quality and effectiveness enhanced

The overall investment in the next five years must be focused on and consistent with the Outcomes and priority activities of the 9th Five-Year National Socio-Economic Development Plan (2021-2025), as well as sectoral and sub-national development plans as follows: (1) Production and services sectors that can drive green and sustainable economic growth, increase production to substitute imports and promote exports, and create more diversified jobs; (2) Human resource development, especially to improve the quality of education, health and skills development as a supporting factor for new technical, scientific and technological innovations; (3) Research and Development (R&D) to increase the efficiency of production and services, create added value and diversity of products, provide educational and medical equipment, and increase agricultural productivity moving towards science and technology-driven industries; (4) Rural development and poverty alleviation linked to commodity production, and improvement and building of rural and economic infrastructure; (5) Improving public governance and administration to be more modern, transparent and agile, and creating conditions and factors to support the work of national defence and public security; and (6) National infrastructure for regional and international integration and connectivity.

In order to realise the targets for investment across these sectors, it is important to ensure efficient channelling of public resources (including ODA) to these investment priorities. To that end, a number of policy priorities are set out to institute long-term planning and budgeting of sectoral and sub-national plans that are consistent with the 9th Five-Year Plan. At the same time, there is a need to establish an effective investment monitoring and management system in the context of declining development assistance. LDC graduation is not expected to have a major direct impact on future flows of assistance from development partners to Lao PDR, however, implications will be monitored closely and consulted with development partners on a regular basis.

3.1 Targets and Indicators:

- Mobilise resources for development in the next five years to reach LAK 204,599 billion or 19.4% of GDP, of which:
 - + Investment from the national budget should reach LAK 22,950 billion or 11% of total investment;
 - + Official Development Assistance should reach LAK 37,344 billion or 18% of total investment;
 - + Domestic and foreign private investment should reach LAK 100,000 billion or 49% of total investment;
 - + Other investments should reach LAK 44,305 billion or about 22% of total investment.

3.2 Priority Activities:

(1). Public Investment:

Sectors and localities must develop their 5-year public investment plans in line with budget capacity and to directly support the overall directions, outcomes, targets and priority activities of the National Socio-Economic Development Plan, sectoral and local development plans, as well as ensure maximum efficiency of all investment projects.

The formulation of a 5-year public investment plan should focus on the following:

- + **Public Investment Structure:** The priority is to invest in completing infrastructure projects that have been started during the 8th Five-Year Plan (2016-2020) period, and rehabilitate and repair existing infrastructure to be able to maximise the benefits and full utilisation, and ensure regular access to markets, production areas, and traffic. New investment projects should focus on rural infrastructure, human resource development, development of modern

public governance and administration, technical and scientific research and the provision of technical equipment, while national projects such as highways, railways, and transmission lines will use other non-government funding sources. Investment in human resource development, research and equipment must be commensurate with the construction of infrastructure. Public investment must consider the risks and sustainable use of natural resources.

- + Ensure that public investment programmes and projects are developed based on the directions and targets of the national socio-economic development plan, and sectoral and local development plans in order to support the achievement of the agreed goals, taking into account the linkages between each goal and public investment programme and project and, importantly, the need to balance with the actual financing capacity of the government.
- + In order to ensure successful and effective implementation of the National Socio-Economic Development Plan, and sectoral and local development plans, investment programmes and projects must be selected in a targeted manner in accordance with the priorities within the allocated budget framework.
- + Sectors and localities shall coordinate closely in the selection of programmes and projects with clear division of responsibilities or clarified roles according to the Sam Sang Directive and the vertical and horizontal coordination of sectors, by centralising the technical process according to the vertical reporting line of the respective sectors, and taking responsibility to avoid duplication of plans and ensuring that implementation is effective.
- + The 5-year public investment plan should be developed and serve the formulation of a 3-year mid-term public investment budget framework so that sectors and localities are informed of the annual resources available for their projects. Sectors and localities are in charge of selecting priority programmes and projects that support the achievement of the goals of the National Socio-Economic Development Plan, and sectoral and local development plans in an effective and targeted manner.
- + Development partners are encouraged to align their development support programmes with the priorities of the national socio-economic development plan and the public investment plan.
- + A transition strategy for graduation from LDC status will be developed, including careful analysis and consultation on potential implications for availability of concessional resources. Appropriate measures to address issues identified will be defined through the strategy to ensure that risks from graduation are appropriately managed.

(2). Private Investment:

FDI is important and will continue to be a major source of development funding, especially the promotion of quality investment in Special Economic Zones to create jobs, increase energy consumption, enforce the implementation of public sector obligations, promote technology transfer and capacity building. However, during the 9th Five-Year Plan period, measures must be taken to attract more private investment in line with the Plan's priorities. Private sector investment, especially FDI, may grow more slowly, as foreign investment countries have been affected by the COVID-19 pandemic with global FDI flows expected to decrease by 40% in 2020. As a result, many countries are focusing more on domestic, including Lao PDR.

Focus must be given to the priority sectors set out in the Investment Promotion Law (revised 2016). Investment projects must be a key driver for the development of the country's economy, and must be quality investments and ensure that technology and innovation transfer opportunities are closely linked to industrialisation and modernisation, and Industrial Revolution 4.0, supporting adaptation to the era of artificial intelligence (AI) and value chain creation to produce quality and diversified products, moving towards

international standards. Moreover, investment projects must produce goods that can reduce dependence on imports, and create jobs for a large number of people in areas such as clean and organic agriculture, food processing, consumer goods, eco-tourism development, including environmentally friendly and sustainable cultural and historical tourism, education, building of modern hospitals and pharmaceutical production, and development of road infrastructure, freight services, and transit and international connectivity services. In addition, efforts should be made to attract investment in Special Economic Zones, industrial zones and industrial estates, small and medium sized projects, and projects that use appropriate modern science and technology in line with the actual conditions.

Public-private partnerships (PPP) should be promoted for large-scale projects that are capital, technology and innovation intensive to reduce financial burdens and investment risks, and increase efficiency and effectiveness and transparency in project management and sustainability in infrastructure projects such as bridges, roads, ports, dry ports, as well as energy, education, and health (modern hospitals) projects, among others.

In order to promote private investment to reach the expected targets, the following are key priorities:

- Strengthen coordination between the concerned sectors to implement the Prime Minister's Order No. 02/PM, dated 01/02/2018 on Improving Regulations and Coordinating Mechanism for Doing Business in Lao PDR. Create an environment favourable to doing business with transparency and agility by continuing to improve procedures and regulations for doing business aimed at making concrete progress in the 10 indicators of the Ease of Doing Business Index by improving the Enterprise Law in line with the current context, establishing an online enterprise registration system, and merging the Tax Identification Number, enterprise code and social security number into one number through the improvement of the Enterprise Registration System (ESR) and Tax Registration Information System (TaxRIS), improving the business climate to address the difficulties associated with the 'Starting a Business' indicator, and enhancing the competitiveness of the business sector to promote the business sector at the enterprise unit level and others, as appropriate and in line with the actual conditions;
- Strengthen the implementation of the Prime Minister's Order No. 03/PM, dated 21 January 2020 on the Improvement of Services Related to the Issuance of Investment and Business Licenses in order to make the process more agile, transparent and uniform in promoting and managing investment, and facilitating the ease of doing business for both domestic and foreign investors, with the Ministry of Planning and Investment as the focal point to coordinate with the investment one-stop service coordination units in each relevant sector;
- Continue the nationwide dissemination of the Law on Investment Promotion, No. 14/NA, dated 17 Nov 2016 and other legislations related to investment;
- Continue to ensure the effective implementation of the investment one-stop service coordination mechanism, improve the regular updating of timely information for investors by publishing a one-stop investment service manual and providing relevant information on the website for investors;
- Continue to research, revise and improve existing legislation, including investment promotion policies, in line with the current situation in Lao PDR;
- Focus on the development and application of ICT in public administration and public services in each sector.
- Continue work to complete the drafting of tax policies of the investment promotion sector;

The priorities mentioned above are to prepare a robust effort to attract and promote as much investment as possible to Lao PDR, taking into account the rising competition for investment capital and investment promotion policies of neighbouring or other economies, especially in the context of the aftermath of COVID-19 where all countries will need capital to help recover and stabilise their national economies.

In addition to developing plans and policies to attract and promote private investment, the management and monitoring of the implementation of approved investment projects is important and must focus on the following:

- Coordinate with the relevant sectors periodically to manage and inspect the implementation of the obligations of the projects specified in the project agreement and in accordance with the revised Investment Promotion Law 2016;
- Coordinate with the relevant sectors and localities to inspect the implementation status of the signed projects, in particular projects where problems have occurred in order to encourage and assist those projects to complete their work as planned;
- Monitor the reports of the projects on a quarterly basis and review the implementation status of the projects to report to the higher-level authorities;
- Organise an annual or biennial taskforce consisting of the relevant sectors and local administrations to inspect and review the implementation of projects to report to higher-level authorities. Well-performing projects will receive continued support and assistance to address any issues to complete project implementation. Whereas any project that has been found to have signed a contract in an attempt to secure the project without any progress in implementation, will be reported and recommended to be terminated. This is to discourage potential false investment agreements that could delay the channelling of resources intended to support the development of the national economy; The above management and monitoring priorities are to ensure that the implementation of projects is successfully completed as expected and to ensure that the Government receives the maximum benefit from the approved projects, which serve as a contribution to the development of the national economy.

4. Output 4: Better quality, robust and regionally and internationally competitive micro, small and medium enterprises

Micro, Small and Medium Enterprises (MSMEs) play an important role in job creation and economic development. In order to create a competitive environment for MSMEs, focus should be given to developing MSMEs to be closely linked to the market and production network of large companies, both domestic and international; continue to implement policies and plans for MSMEs development; improve credit information management system, diversify financial products, reduce informal borrowing and create conditions for access to finance, ensure systematic monitoring and reporting of operations, and effective application of science, technology and innovation; improve the capacity to plan and run modern businesses, and improve legislation for the systematic and fair business conduct of MSMEs. In addition, focus should be given to creating conditions and promoting the increase in productivity and quality of labour, production and services in the public and private sectors to enhance competitiveness and sustainable development by adapting working methods and labour regulations towards a modern and innovative industrial models.

While the economy is still being negatively affected by the COVID-19 pandemic, there must be specific support measures for the affected businesses, which must be considered based on regular monitoring and budget considerations.

4.1 Targets and Indicators:

- Improve Lao PDR's ranking in the 'Starting a Business' indicator to be above the 120th position by 2025;
- Increase the number of new MSMEs by 2% per year;
- MSMEs contribute 18% to GDP per year;
- Increase the number business units awarded the national ODOP trademark by 20 units per year, and increase the number of One District, One Product (ODOP)-certified products by 20 products per year;
- At least five MSMEs per year are awarded outstanding business achievement;
- By 2025, increase the number of modern markets (supermarkets, shopping malls, etc.) to a total of 18 locations across the country.

4.2 Priority Activities:

Continue to implement the sector's priorities, focusing on the following:

- Start-up promotion: Enhance competitiveness by improving telecommunication infrastructure, providing quality Internet at low service rates, as well as creating an ecosystem to support aspiring entrepreneurs; develop policies and strategies to promote new enterprises to be robust, sustainable, and competitive at the regional and international levels; create opportunities for access to SME capacity building services by supporting an effective functioning of SME service centres; and promote start-up businesses, especially those that use information technology in business administration, and businesses that produce handicrafts, food, beverages, and utensils, among others, as well as the ODOP products that are environmentally friendly, green and sustainable and meet the needs of the local and regional markets.
- Improve business management practices, access to markets and sources of funding, scientific and technological know-how and innovative local knowledge, and packaging and labelling to improve product quality and competitiveness by: 1) Enhancing the technical awareness of businesses and those who want to start a business to have access to regulations and relevant information and easy access to sources of funding from financial institutions and reduce the risk of accessing informal sources of funding; 2) Improving the mechanisms and procedures for accessing credit for MSMEs to promote business units that have the real potential, along with the development and improvement of the quality of employees, products of financial institutions, as well as the quality of the management system of financial institutions to become stronger in all respects; and 3) Encouraging SMEs to become more involved in value chains and international markets in order to upgrade their skills, productivity, access to new technologies and innovations, and access to markets under regional and international supply chains;
- Continue to mobilise low-cost capital from both domestic and foreign sources to improve sources of capital for MSMEs with production and export potential, along with creating conditions for upgrading the technical skills of responsible personnel in a continuous and systematic manner;
- Promote and develop products to meet the quality and market demands with appropriate support policies in place.
- Promote inclusive business by encouraging the value chain linkages between large enterprises and MSMEs; and establish specific policies to incentivise large companies and MSMEs to integrate production groups into local, regional and international value chains.
- Encourage large companies and MSMEs to strengthen the communities' capacity to improve the quality of people's production to be able to integrate into the value chain.
- Support MSMEs and businesses that invest in agriculture, food and medicine to access new markets and chemical residue testing laboratories (attract investment opportunities,

including laboratory and agricultural product inspection) through Business Assistance Facility (BAF) funding, as well as direct access to production techniques, funding sources, international production networks and buyers.

5. Output 5: Enhanced efficiency and effectiveness of state-owned enterprises and collective economy

The 9th Five-Year Plan prioritises the management and development State-Owned Enterprise (SOE) so that they can be economically strong and efficient, reduce substantial liabilities, support a sustainable economic base, and generate income for the country. Efforts must be made to develop and expand the collective economic model to ensure that it becomes a stable and secure economic foundation, able to compete with other economic sectors and to integrate regionally and internationally. In this context, for economic growth to be robust, it is necessary to carefully review the state-owned enterprises particularly in the energy sector, especially with respect to the management of the fiscal burden and to ensure that investment is economically and environmentally sustainable.

5.1 Targets and Indicators:

- Create and improve 18 units of agricultural and agro-forestry service cooperatives;
- Establish 4,420 production groups, establish 250 qualified production cooperatives and establish 10 model cooperatives.

5.2 Priority Activities:

- Improve and develop legislation to manage and develop SOEs more effectively;
- Undertake vigorous reforms of SOEs by establishing and improving the revenue-expenditure management mechanism and mixed-ownership enterprises, using modern tools in accordance with regulations, and ensuring transparency, fairness, auditability, and efficiency;
- Improve and develop policies on access to finance, promote domestic and foreign private investment in line with the new phase of enterprise development and enhance SOE capacity to compete regionally and internationally;
- Transform some major SOEs into the public-private partnership model with management capacity and a strong financial position to ensure that the organisation and management mechanisms meet the standards of public companies.
- Reform organisation and management processes by conducting recruitment examination for professional executives for some SOEs.
- Conduct thorough studies on public investment projects in the forms of PPP and Build, Operate, Transfer (BOT), in particular, large-scale projects that are being implemented and managed by SOEs to ensure economic and social returns, along with a re-evaluation of SOEs to consider cases that need to be improved or closed down, and take measures to resolve non-performing loans, encourage more private joint capital.
- Promote production to generate a stable income for people in remote areas, and expand and systematise production chains linked to the establishment of strong production groups, leading to the creation of conditions for establishing agricultural production and service cooperatives in the future.

6. Directions for Economic Structural Reforms for National Resilience

- 1) Improve measures to address economic and financial challenges, ensuring quality growth and sound macroeconomic stability. Studying the improvement of public debt structure (both

short-term and long-term debt) in order to reduce the level of debt to a level that can be managed and settled in different ways, such as triangular-debt-diversion disbursement, and issuance of bonds, among others; urgently implement measures to increase revenue by enforcing a modern revenue collection and expenditure management system so that all enterprises can pay their taxes accurately, transparently and completely.

- 2) Improve the quality and sustainability of the economic structure according to the sectors, economic actors (state, collective enterprises, MSMEs), and regions (focusing on development along the Laos-China economic corridor, East-West corridor), including Special Economic Zones, industrial estates, smart cities, dry ports, and others.
- 3) Continue to deepen regional development (northern, central and southern regions) according to the comparative advantage of each region to create harmonious inter-linkages, promote mutual support and to create quality and more balanced economic relationships; and focus on the development of the Laos-China economic corridor, North-South corridor, East-West corridor, Special Economic Zones, smart cities, dry ports and logistics services, industrial estates, tourism industry (nature, history, culture and agricultural production).
- 4) Strengthen and translate national potential into economic development, particularly in the following potential areas: (1) Make use of the potential of natural resources, such as: land, forests and water resources in a systematic manner, especially the allocation of land for maximum benefit, including the clear identification of production areas, industrial-processing zones and residential areas, as well as the improvement and development of legislation for strict, transparent and effective management; (2) Agro-processing industry and construction materials industry: Strengthen coordination between the agricultural and industrial sectors to encourage more agricultural production related to processing; (3) Tourism: Lao PDR has natural, historical and cultural potential, so focus must be on developing that potential into a tourism industry that can attract more domestic and foreign tourists; (4) Connectivity along various economic corridors, including the Laos-China railway: Infrastructure must be connected to the railway to facilitate the transportation of goods and passengers, and commercial production areas must be defined in the provinces where the railway passes in the coming years, and in the long run, continued focus should be placed on developing other provinces throughout the country to be able to produce goods for export; (5) Energy and mining: There is a need to review the strategy for the development of electricity projects to suit the potential of the country and the needs of domestic consumption and foreign markets. At the same time, attention must be given to strengthening the management of the exploration and exploitation of mineral resources in an effective and diversified manner, ensuring more processing to create added value and create more jobs; (6) Young population: Develop and fully utilise the available population for maximum benefit by investing in the development of young people to be knowledgeable and capable; and raise the capacity and level of skills of the young people to become a viable workforce in various production processes and to be able to contribute to national development in the future; and (7) Information, Communication and Telecommunication (ICT) and modern science and technology: Focus investment on research and increasingly leveraging regional and international scientific and technological achievements in the development of production, administration-governance work and services.
- 5) Encourage and strengthen local enterprises, in particular SMEs, to enable them to integrate into and contribute to regional and international value chains, and create a conducive environment, including the development of policies and mechanisms necessary for local enterprises to have access to sources of capital and markets, and to increase domestic and foreign private investment, both in terms of quantity and quality, as well as to proactively transform SOEs into effective entities that generate revenue for the national budget and

gradually accelerate progress. Explore the possibility of transforming some SOEs into joint ventures with the private sector by ensuring a strong management mechanism.

- 6) Public investment reform must be effective and provide a basis for facilitating private investment and poverty alleviation. In doing so, focus should be on identifying and selecting projects in line with national and sectoral development priorities to ensure that investment is not scattered in unrelated projects but targeted, transparent, agile, open and systematic, as well as encouraging private investment in the commercial production of high potential commodities in areas such as agriculture and agricultural processing plants, tourism, and dry ports, among others in the provinces with the railway passing through, and utilising ODA for targeted development.
- 7) Ensure targeted development of infrastructure and public utility system aimed at improving the living standards and quality of life by developing and expanding the infrastructure necessary to facilitate production and transportation to balance urban and rural areas, and allocate and expand production activities and small and medium-sized processing industries to rural areas to create jobs and income for the people.
- 8) Proactively protect the environment, monitor and ensure timely preparedness for disasters, in particular, increase the implementation and enforcement of the relevant laws and regulations, and discipline Government organisations and economic units that violate laws and regulations. At the same time, it is important to build and strengthen the capacity of organisations that manage and monitor natural resources.

7. Large-scale and Priority Projects for Outcome 1 (See details in the Annex):

1. Agriculture-Forestry:

- **Food security and commodity production programmes for domestic consumption and export**
 - (1) Food crops and commodity production project (New project)
 - (2) Livestock, fish and aquafarming promotion project (New project)
 - (3) Agricultural land management and development project (New project)
 - (4) Irrigation and integrated irrigation systems development project (New project)
 - (5) Production technology and organisation promotion project (New project)
 - (6) Technical infrastructure upgrade project (machinery, mills, dryer domes, seed-sorting mills, drying plants, wholesale-retail markets, cold storage, organic fertiliser factories, feed mills, slaughterhouses, etc) (New project)
 - (7) Agricultural business unit promotion project (organisational planning, business plans, accounting, access to credit, production factors and markets) (New project)
 - (8) Project on development of plant and animal health standards and market integration (New project)
 - (9) Project on experimental research on agriculture, forestry and rural development (New project)
 - (10) Project on development of policies and legislation to promote the production of food and agricultural products (New project)
- **Human resource development programmes in agriculture, forestry and rural development**
 - (1) Project to upgrade the capacity of sectoral staff (New project)
 - (2) Project to develop promoters, skilled workers and agribusinesses (New project)
 - (3) Project to upgrade and improve the curriculum in the Agriculture and Forestry College (New project)
 - (4) Village and model family development project (New project)

- (5) Project to develop agricultural knowledge-information service network system between the public sector, businesses and agricultural producers (New project)

2. Energy and mining

- (1) Construction of 26 hydropower dams (New project)
- (2) 19 mining and processing projects (including coal mining project for Sekong power plant, potash-magnesium salt mining project in Nongbok District, Khammouane Province) (New project)
- (3) Sepon gold exploration, processing and refining project for a period of 10-20 years to produce 250,000 ounces of gold bars per year (Ongoing project)
- (4) Construction of 500kv, 230 kv and 115 kv transmission lines, a total of 48 projects (New project)

3. Commerce

- (1) Project for the promotion and development of industrial processing for quality, balanced, green and sustainable development (New project)
- (2) Commodity production promotion project (New product)
- (3) Lao PDR trade and competitiveness promotion project (New project)
- (4) MSMEs promotion and development project (New project)

4. Post and telecommunications

- (1) Project to encourage and support SMEs towards Digital Business Transformation (New project)
- (2) Project to promote the development of digital commerce support system (New project)

Outcome 2: Improved quality of human resources to meet development, research capacity, science and technology needs, and create value-added production and services

Develop quality human resources to foster national development, graduation from the Least Developed Country status, and the realisation of the Sustainable Development Goals; take active measures to accommodate the requirements of regional and international integration and Industrial Revolution 4.0; promote research and apply the results of scientific research, technologies, technical know-how and the knowledge in socio-economic development; improve the quality of education at all levels while creating conditions for access to education, especially in rural and remote areas; and create a skilled and diversified workforce according to market demand and the needs of economic restructuring and socio-economic development.

1. Output 1: More inclusive and better-quality healthcare services and nutrition

Continue to implement the Universal Health Coverage (UHC) policy with the primary focus on hygiene, disease prevention, and health promotion, prioritising quality, fair and equitable provision of treatment and universal health services, and taking a people-centred approach; ensuring good health and promote the well-being of all people of all genders and ages, sensitising people to the importance of maintaining a good health, the right response to health risk factors, and strengthening primary healthcare so that people take the initiative to stay healthy; and coordinate healthcare initiatives pertaining to hygiene, disease prevention, health promotion related to treatment and rehabilitation, and modern and traditional healthcare delivery, aiming to contribute to leading the country out of the LDC status by 2026, and realising UHC goals by 2025.

1.1. Targets and Indicators:

- Reduce the prevalence of underweight among under-five children to 15%;
- Reduce the proportion of stunting among under-five children to 27%;
- Reduce the infant mortality rate to 20/1,000 live births;
- Reduce the under-five mortality rate to 30/1,000 live births;
- Reduce the maternal mortality rate to 110/100,000 live births;
- Increase the number of births attended by skilled health personnel to 85% of the target population;
- Increase immunisation coverage for babies up to one year old to 95% of the target population;
- Increase the proportion of people with access to safe drinking water to 95% of the total population;
- Increase household improved latrine utilisation rate to 85% of all households;
- Increase universal health insurance coverage rate to 96% of the total population;
- Increase the accreditation rate of Model Health Village to 85% of all villages;
- Increase the average life expectancy to more than 73 years.

1.2. Priority Activities:

- Provide quality, universal and equitable health promotion, medical check-up, diagnosis and functional rehabilitation services by focusing on: (1) Upgrading and expanding hospital facilities at all levels, including modernising all aspects of central hospitals and gradually transforming central and some provincial hospitals to become financially self-sufficient; improving provincial hospitals' capacity for major surgical procedures, orthopaedic surgeries, minimally invasive surgery, and general emergency care; upgrading community hospitals' capacity for caesarean delivery, and small hospitals to be able to provide regular childbirth delivery service; study the provision of a comprehensive essential health services package, including: maternal and child healthcare, vaccinations, reproductive health, and nutrition services consistent with the actual conditions of the hospitals at each level; in this regard, priority should be given to the human resource aspect, particularly continuing to enhance the implementation of the 5 Goods and 1 Satisfaction policy at each level of the healthcare facilities, along with the promotion of private investment into healthcare; (2) Support the implementation of the training programmes for health workers and medical staff in various fields to become professional medical doctors in development focus areas and remote rural areas that lack medical staff; upgrade the knowledge of medical professors, build, improve and provide the necessary equipment for the medical schools and training facilities, and improve the teaching-learning curriculum, integrate health reporting and surveillance training into medical schools so that medical students know how to collect, monitor, report and enter data correctly prior to graduation and placement; and align scientific research with the needs of the health services to enable gradual integration with regional and international systems; and establish a harmonised coordination mechanism between health educational institutions and hospitals, set a systematic minimum medical knowledge and skills test in various fields such as midwifery, surveillance, immunisation, medication, maternal and child health, communicable diseases, pharmaceutical, and data entry in the public health database to ensure that medical staff can deliver quality health services in line with the EHS package at each level, and link the exam results to the medical certification and lifelong medical training/learning system; (3) Enhance the capacity for surveillance, diagnosis, prompt detection and response to an outbreak, risk assessment, and improving early warning and emergency response systems with more efficient and effective surveillance system, in particular in the case of COVID-19, to prevent and prepare for future disease outbreaks; integrate health surveillance and epidemiological data into the Health Information System (DHIS2), improve diagnostic capacity at the central level and at sub-national (or regional) laboratories; (4) Encourage the production of medicines and basic medical products for domestic self-sufficiency, as well as pay attention to the effective

management and promotion of the cultivation and production of medicinal plants and the use of traditional medicine; improve monitoring and surveillance systems for food, drug and medical product safety; standardise the prices of essential drugs, medical equipment and costs of treatment in the essential health services package in order to be able to set the budget for the National Health Insurance Fund; (5) Strengthen and ensure the sustainability of the health financial system including small hospitals; implement vertical financial management mechanisms; centralise financial management through the one-door mechanism; increase the budget and management responsibilities of local level authorities as per the Sam Sang Directive to ensure that the health financial system at each level is sustainable, transparent and consistent; use modern tools to manage revenue and expenditure at the district level; merge social health protection schemes into a single fund; and strengthen the capacity to manage such fund to achieve UHC goals by 2025; (6) Improve the Centre of Information and Education for Health (including medical and health statistics, health IT system and education for health); integrate information between the Health Information System of the Ministry of Health and the Civil Registration; and at the same time, seize the opportunity during the current period of preventing, controlling and managing the outbreak of COVID-19 to bring about change in the health sector, mobilise doctors and nurses, promote a vibrant work process, as well as reform the health sector to contribute more to building healthier Lao people.

- Nutrition: Prioritise maternal and child health and nutrition to support the growth and full development of children as a basis for building the new generation with the ability to learn effectively and efficiently; encourage and promote all stakeholders to participate in the implementation of the nutrition work in a proactive and consistent manner, focusing on tasks such as: integrating reproductive health, maternal, infant and child health, and nutrition into the community in a participatory manner; establish a plan to work with the community to deliver health services in each period to ensure that the community can participate, and save time and resources during such activities. Continue to implement school meal programmes to ensure that children receive adequate nutrition necessary for their growth and development both in terms of quantity and quality on the basis of hygiene and nutrition, as well as to building a culture of improved nutritional diets, both at home and at school; continue to implement the educational campaign on health, hygiene, nutrition and exclusive breastfeeding, to raise awareness and deepen understanding of the importance of maintaining good hygiene and nutritional diet, and continue the quality expansion of accreditation and declaration of Model Health Villages as per the established annual targets.

2. Output 2: Improved quality of all levels of education and conditions created for access to education to support readiness for regional and international integration and Industry 4.0

Enhance quality of education by investing in targeted human resource development to build human capital with high skills, knowledge, ability, revolutionary moral qualities and correct values, patriotism, honesty, discipline, and good physical and spiritual health, and aspiration for lifelong learning to ensure a quality, relevant and responsive workforce that meets the demands of sustainable national economic growth, and is ready to cooperate and compete with countries in the region. Expand the education network from early childhood education to vocational education and university education at the central and local levels, including at the grassroots-level and in remote areas; ensure equal rights in accessing education for rural residents, vulnerable groups and those with special needs, and pay special attention to the needs of women. Promote the use of science tools and ICT systems in education, including digital learning.

2.1. Targets and Indicators:

- Enrolment rate for 5-year-olds in pre-school education nationwide to reach at least 86% by 2025;
- Enrolment rate grade 1 to exceed 98%;
- Gross enrolment rate for grade 5 to reach more than 99%;
- Reduce the dropout rate for grade 1 from 6.4% to 4%;
- Completion rate of primary education to reach more than 95%;
- The proportion of grade 5 students enrolled in Year 1 of lower secondary education to reach more than 90%;
- Reduce the dropout rate of primary school students from 4.3% to 2%;
- Gender parity index for transition rate from grade 5 to Year 1 of lower secondary education to reach between 0.97-1.03;
- Gross enrolment rate for Year 4 of secondary education to reach more than 74%;
- Reduce the dropout rate in lower secondary education from 10.3% to 8%;
- Number of youth and those dropped out of school can have access to non-formal education and vocational training to reach 150,000 people;
- Percentage of primary and secondary school teachers having completed trainings to reach at least 10% per year;
- Percentage of lower secondary school graduates enrolled in technical and vocational schools to reach more than 5% of the total number of lower secondary school graduates by 2025;
- University student enrolment in science, technology, engineering, and mathematics (STEM) to reach 12,500 persons;
- The proportion of people of all genders and ages in society practicing physical exercise, playing sports and gymnastics to reach 50% of the total population;
- Increase the literacy rate of 15-24-year-olds to 91%.

2.2. Priority Activities:

- **Early childhood education (ECE):** Invest in early childhood education, which is a key priority to improve the quality of education along with healthcare, nutrition, sanitation, hygiene, and children's all-round development. This will enable children to comprehend and learn using a range of different methods and approaches. Efforts will include cooperation between the public and private sectors, and community involvement, including to ensure adequate supply of nutritious food. It is also important to provide parenting knowledge and skills to parents and guardians, as well as other support measures to ensure that children are well-prepared before formal primary school and acquire the basic skills needed to continue their education later in life.
- **Primary education:** Enhance the quality of teaching and learning in primary schools, particularly improving literacy and numeracy by increasing the knowledge, ability and enthusiasm of teachers, and the ability and ownership of school principals in school management. Establish school clusters as centres for continuous development of the teaching profession and technical assistance to teachers, including the establishment of a system for technical counselling for teachers. At the same time, attention should be given to monitoring and evaluating the performance of teachers and school principals on a regular basis in order to recognise those who perform their duties well and find ways to support those who lack skills with clear guidelines and mechanisms. Use digital technology and innovation to facilitate learning, including 21st century skills such as problem-solving skills, cognitive skills, collaboration-communication, creativity and innovation skills, personal responsibility, social skills, and understanding of international cultures.
- **Secondary education:** Improve the quality of teaching and learning by focusing on upgrading the capacity of full-time teachers and assigning teachers to classes according to their technical expertise. Provide effective lower secondary education, ensure sustainability, and adapt to the realities of each locality. Improve the quality of upper secondary education

to encourage students who show talent and interest in a particular subject to study and delve deeper into that subject by developing a variety of upper secondary education curricula, such as natural sciences and social sciences; and promote the use of ICT in teaching and learning, as well as the use of digital technologies and innovations to facilitate learning, including 21st century skills. Introduce international standards of literacy and numeracy tests to monitor the quality of education in schools at all levels.

- **Life-long learning promotion:** Continue the programme to eradicate illiteracy and improve education for target groups, especially those aged 15-40 years, and provide basic vocational training for people who drop out of school and the unemployed. In order to promote life-long learning, there must be proper organisation and adequate resource commitment, and promotion of participation from the business community to determine policies and incentives to encourage the recruitment of graduates from public schools and vocational training programmes, and ensure fair and socially-acceptable wages.
- **Technical and Vocational Education and Training (TVET):** In order to match the skills supply with the needs of the labour market, it is necessary to cooperate with business employers to develop and improve consistency of TVET courses and to monitor the quality of the courses on a regular basis ; integrate information on new graduates of TVET into the national labour market information system; and create good facilities and a positive environment, provide and upgrade teaching and learning materials, tools, and machinery, as well as internships to enable the integration of theoretical knowledge into practice. Private sector engagement in internship programmes should be encouraged to closely link students' learning opportunities to employment. Furthermore, the important role of TVET institutions should be further enhanced in training human resources to promote greater entrance into the labour market while meeting the standards of the public and private sectors. It is also important to develop education programmes so that graduates of TVET schools can continue their studies at the tertiary level. There must be a system for classifying or ranking TVET institutions to promote competition and improve institutional management to meet the standard requirements. Collaboration between TVET institutions and local firms in the form of public-private partnership should also be promoted.
- **Higher education:** Raise the quality of the curriculum, and build research capacity on various topics. Improve standards and credibility at the regional and international levels through extensive collaboration with reputable institutions and universities, focusing on developing leadership skills, language skills, and analytical and problem-solving skills. Provide internships to prepare students for graduation and on-the-job training after graduation. Provide scholarships for students studying in priority areas of socio-economic development, especially in science, technology, engineering, mathematics (STEM); strengthen the quality assurance system of higher education; create excellence in teaching and learning, scientific research, technical services, especially in STEM and artificial intelligence for universities; and use the results of academic performance to track students who graduate each year as a basis for curriculum improvement, promote the use of ICT in teaching and learning and the development of artificial intelligence by setting clear and consistent policies in line with changing circumstances, and strengthen universities to gradually become financially self-sufficient.
- **Teacher Development and Utilisation:** In order to improve teaching quality, it is important to develop training courses for teachers, as well as assess the professional knowledge and skills of teachers at all levels according to the professional fields. All teacher training colleges must serve as professional development centres to support pre-service and full-time teachers, including teacher orientation. Improve the system for creating and upgrading teachers on a regular basis by selecting those who have the talent and technical excellence to continue their study in their field of expertise, and provide a policy to support outstanding

teachers and students; promote the use of digital technologies and innovations to support teacher training and continuous professional development; and strengthen the link between teacher training institutes and the university's Faculty of Education.

- **Development of Lao sports:** Encourage the masses to exercise for health, promote traditional Lao sports, as well as develop professional athletes, coaches and referees to meet regional standards; and improve, utilise and manage sports facilities at all levels to be efficient and effective.
- **Development of digital learning:** Promote the use of ICT in the administration of education, teaching and learning, development of teaching and learning curriculum with science and communication technology courses starting from the primary education level. Develop e-learning tools to meet the needs of inclusive education. Encourage the development of modern technology courses. Transform higher education and university education towards the use of Smart Digital Tools, expand the internet network and promote affordable internet charges for teaching and learning purposes.

3. Output 3: Workforce skills and productivity improved, and job diversification, security and income opportunities increased to meet the demands of socio-economic development

Develop the quality of the labour force as the main productive force in socio-economic development in the direction of industrialisation and modernisation; balance the labour force in proportion to the needs of the labour market; promote the creation of stable and diversified jobs in line with the economic sectors in both urban and rural areas; increase labour productivity and decent income; strengthen labour relations, occupational safety and health standards to protect the rights and interests of workers and employers; and assist and create opportunities for disadvantaged labourers to have access to the labour market and contribute to the workforce for socio-economic development, including by monitoring labour force numbers by type of labour, occupation, gender, ethnicity, level of education, and disability to determine appropriate policies.

3.1. Targets and Indicators:

- Train 10,000 people at skills development institutes and training centres at different levels, and provide mobile training in various skill areas to 5,000 people;
- Support labour units to develop skilled labour in various areas for 25,000 people;
- Test skill standards of at least 1,700 people in 32 skill areas;
- Develop skills of workers in labour units to meet the national skill standards in 10 skill areas;
- Promote the organisation of local level skill competitions on a more regular basis, organise two national level competitions, participate in two ASEAN Skills Competitions and host one ASEAN Skills Competition, and host one international level competition;
- Improve seven skill development institutes and centres, through the provision of equipment, and encourage the economic sector to invest in the building of two labour skill development centres;
- Promote the creation of jobs for 392,197 people, both at home and abroad; including for 355,620 people currently outside the labour force but ready to enter, and 36,577 currently unemployed;
- Reduce the unemployment rate to 15% in 2025;
- Increase the labour force to 2.69 million people or 48.3% of the working age population;
- Establish and develop a labour market information system to monitor data for the 17 indicators of the labour market and the relevant indicators of Sustainable Development Goals;
- Inspect Labour Law compliance by the labour units 12,500 times; support 100 labour units to meet the national skills standards; support 500 labour units to establish and improve internal regulations; support 500 labour units to establish employment contracts; encourage

100 labour units to provide workers with annual health check-up; and establish occupational safety and health units in 100 workplaces;

- Resolve and mediate 80% of reported labour disputes per year, and eliminate 100% of hazardous child labour.

3.2. Priority Activities:

- Develop a systematic labour market database to provide information for balancing and adjusting the labour force to suit the needs of the domestic and foreign labour markets, and as a basis for the development of plans for skills development and recruitment that are tailored to the needs of the labour market;
- Develop and improve infrastructure and labour skills development mechanisms through the participation of the public sector, private sector, labour units, development partners and domestic and foreign investment projects to ensure a harmonised capacity building and field training process;
- Focus on developing more specialised courses and standards for skills training in various areas, as well as organise skill competitions and tests, and issue vocational certificates with specified validity period according to the type of skills and vocational categories, with re-examinations required to maintain certification according to the occupational categories, with the participation of a wide range of stakeholders;
- Expand the employment service network to provide higher quality services, with a focus on transitioning from informal employment to formal employment towards decent work promotion, creating jobs according to the needs of the labour market and economic sector. Emphasise the implementation of the National Rural Employment Strategy to provide jobs for rural workers, closely linked to agricultural production, handicrafts, consumer goods, food, small businesses, services and ecotourism, and ensure that the rural labour force receives continuous development and access to stable jobs. Work to increase labour productivity and income, recognizing current challenges including high levels of seasonal and household labour, migrant workers from rural to urban areas, and illegal migration to foreign countries; and set minimum wages and standards for each type of labour to protect workers' rights and ensure decent and fair pay;
- Research, develop, and improve the necessary legislation to protect and preserve jobs that are essential to the daily life of the Lao people;
- Coordinate with relevant sectors to establish mechanisms for the protection and management of labour, including foreigners working in Lao PDR according to the needs of the required occupations; and protect and manage labour rights in the event of a disease outbreak that causes a temporary closure of business units, resulting in unemployment, through the implementation of social protection policies, Labour Law, and Social Security Law.
- Strengthen the tripartite organisations in promoting labour relations by establishing a tripartite coordination and consultation mechanism for more effective implementation of responsibilities in accordance with their respective roles;
- Promote the creation of favourable conditions and a conducive environment, such as having regulations on the use of labour, employment contracts, decent wages and welfare, and occupational safety and health to incentivise more workers to enter the formal labour market;
- Implement labour inspections in a more comprehensive manner and in more labour units, strengthen the technical capacity and accountability of authorities, and provide adequate associated facilities;
- Improve the effectiveness of the labour dispute resolution system, protect the rights and interests of specific workers, such as women, youth, and other disadvantaged people, for equality and non-discrimination in the workplace, and promote cooperation with the private sector and labour units to establish labour protection and management mechanisms and promote the implementation of the Labour Law.

4. Output 4: Promoting and utilising scientific research, technology, innovation and knowledge to drive socio-economic development

Develop science, technology and innovation to become a driver for national development, along with the application of technical and scientific research, technology, innovation, and knowledge-based economy and society combined with production and service processes to diversify and create value-added products that are regionally and internationally competitive; and strengthen the knowledge economy and green economy, making use of new technologies that are energy and raw material efficient and environmentally friendly, and linked to research and application of advances in science, technology and innovation in the age of the Fourth Industrial Revolution to drive national socio-economic development in the direction of the digital economy.

4.1. Targets and Indicators:

- Build 8.5 scientific researchers per 10,000 people nationwide; train 160 science and technology researchers at the master's and doctoral levels; and train 120 social, political, and administrative science and theories of party behaviour researchers at the master's and doctoral levels by 2025;
- Public investment in research and development (R&D) in science and technology to reach 1% of the public investment budget each year; and allocate the budget of the science and technology research and development fund for natural and social sciences research related to the promotion of green development and sustainable development goals to reach 30% of the annual research budget;
- Promote and encourage private sector investment, both domestic and foreign, in research and development to reach at least 35% of the budget each year;
- Establish and adopt 900 national standards, provide registration of 10,000 industrial assets and new varieties of crops, and provide international registration of 6,000 trademarks through the Madrid System;
- Encourage use of the digital data centres across all sectors, both public and private, to reach 80%;
- Establish one advanced science, technology, and innovation development zone by 2025.

4.2. Priority Activities:

- Develop a strategy for the development of science, technology, and innovation in the age of Industrial Revolution 4.0, and establish policies, legislation and mechanisms to promote the work of science, technology, innovation, innovation funds and intellectual property protection, as well as appropriate standards and measurements aiming to promote innovation in the Industry 4.0 era;
- Develop researchers, scientists, specialists, entrepreneurs, and workers from both the public and private sectors in a targeted manner;
- Promote harmonious coordination with universities and educational-research institutes, and promote cooperation with the private sectors with potential for scientific research and development, technology and innovation, as well as promote the application of research results to develop diversified products and create added value;
- Promote research and the use of ICT innovations that are beneficial to socio-economic development;
- Promote social, economic, and theoretical-behavioural research, and research on political-administrative teaching programmes to establish a theoretical basis for teaching and formulating development policies in each period;
- Research and develop the transfer of technological innovations into production and service processes by establishing a centre for the transfer and exchange of information, and sharing of best practices in science, technology and innovation to promote the knowledge-based economy and society, and strengthen start-up businesses and SMEs.

5. Large-Scale and Priority Projects for Outcome 2 (See details in the Annex):

1. Health

- (1) Project for Sustainable Development and Quality Assurance of Healthcare Professionals in Lao PDR (JICA) (Ongoing project)
- (2) Project for Improving Xaysettha Hospital and Champassak Provincial Hospital (JICA) (Ongoing project)
- (3) Construction of a 400-bed University Hospital building project in Dongphosy (Loan from EDCF) (Ongoing project)
- (4) Construction of Hospitals in four Southern Provinces, Ministry of Health (EDCF) (Ongoing project)
- (5) Savannakhet Provincial Hospital construction project (EDCF) (Ongoing project)
- (6) Xaysomboun Provincial Hospital upgrading project (New project)
- (7) Project for health administration, college of health sciences, training of medical specialists, provision of equipment and vehicles for hospitals and schools in Saravan Province, construction of a new hospital building in Sayaboury Province, and construction of a new medical treatment administration building in Khammouane Province (New project)
- (8) Access to health and nutrition services project (New project)
- (9) Quality health care project (New project)
- (10) Construction of the Faculty of Medicine of the University of Health Sciences (New project)

2. Education

- (1) School construction and renovation projects across the country (New project)
- (2) High school student dormitory construction project (New project)
- (3) Laboratory construction project (New project)
- (4) School sanitation facility construction project (New project)
- (5) Project for improvement of eight teacher training colleges (JICA) (New project)
- (6) Project for improving the facility and laboratory equipment in the Faculty of Engineering, National University of Laos (JICA) (New project)
- (7) Project for strengthening human resource development of engineering and technology for industry development in Lao PDR (JICA) (New project)

3. Labour skills development

- (1) Project for labour skills development in the target groups of people outside the labour force and the unemployed entering the labour market according to the economic sectors (New project)
- (2) National, regional and international skill competition programmes (New project)
- (3) Skills development infrastructure construction and development projects in Attapeu, Savannakhet, Oudomxay, Sayaboury and Champassak provinces (New project)
- (4) Project for improving and developing the labour market information system (New project)

4. Science and technology

- (1) Project for developing and improving the laws of the science and technology sector (New project)
- (2) Project for developing a 10-year strategy for science and technology personnel development (2021-2030) (New project)
- (3) Project to research, promote and strengthen the quality of priority products and goods in accordance with national, regional and international standards for export throughout the country (New project)

- (4) Project for introducing intellectual property rights into the commodity production process in the registration of geographical places of origin of durians and cardamoms and the creation of trademarks and collective trademarks in Champassak and Sekong provinces (New project)
- (5) Project to promote the use of solar energy to provide clean water to rural communities (New project)
- (6) Project to research on techniques for mulberry cultivation, silkworm raising and propagation, and sustainable production promotion
- (7) Project to test plant nutrient in soil and water in agricultural areas in eight provinces (Vientiane Capital, Vientiane Province, Xiengkhuang, Khammouane, Savannakhet, Champassak and Saravan) (New project)
- (8) Laos-China Hi-Tech Park development cooperation project (New project)
- (9) Project to establish a centre for scientific research and analysis and technology for Lao PDR (LAO-NFEC) (New project)
- (10) Information technology security consulting centre project (New project)
- (11) Project to build a Disaster Recovery Site to improve the security and quality of digital data centre services (New project)
- (12) Certification Authorities (CA) system development project for CA Service Providers (New project)
- (13) Software Park development project (New project)

Outcome 3: Enhanced well-being of the people

While poverty reduction has been driven by growth in labour income, improvements in education, and enhanced access to opportunities, the poverty rate in Lao PDR is now expected to increase to 21.5% due to the impact of COVID-19. Moreover, the decline in poverty was also accompanied by an increase in income inequalities. Poverty reduction has not been commensurate with GDP growth: a 1% growth in GDP led to only a 0.4% reduction in poverty, which went up to 0.67% in 2018-2019. The resource-driven growth seen in Lao PDR has been capital-intensive, limiting large-scale creation of jobs, and a vast majority of households remain economically insecure. The development of human capital in Lao PDR has tended to be unequal across locations, gender and ethnicities. As measured by Gini coefficient, inequality increased from 36.0 to 38.8 in 2018 and 2019 respectively.

Poverty also varies widely between the urban and rural areas and across regions and ethnic groups. Poverty in rural areas was more than three times higher than in urban areas in 2018-2019. In recent years, northern and southern provinces have shown a significant decline in poverty, while the central regions have now stagnated and show the highest incidence of poverty at 21.5%, compared with 20.7% in the northern region and 17.7% in the southern region. Poverty reduction has been slower among non-dominant ethnic groups.

To address poverty and development disparities in Lao PDR, the Government's development efforts will focus on the poorest to ensure sustainable livelihoods by evenly distributing income and providing social protection to all groups of people, especially vulnerable groups and those affected by COVID-19 and other shocks. To do so, six key Outputs have been identified as follows:

1. Output 1: Poverty alleviated in rural and remote areas, and people's livelihoods, cultural values, and media work improved

Continue to develop rural areas and alleviate poverty in a comprehensive manner in accordance with the Sam Sang Directive, and establish new rural areas by promoting the production of goods, access to finance, production systems, markets, personnel, resources (land, forests and non-timber forest products), agricultural information, social services (education and health, clean

water and sanitation), and rural finance; promote skills development and advanced technical capacities to increase productivity, in conjunction with rural settlement and stable occupations development; and develop infrastructure to facilitate production and improve people's livelihoods, and develop human resources and the public health system.

Preserve, protect, and enhance the cultural heritage of the nation and ethnic communities in a sustainable manner, enhance material and spiritual values in Lao society, and promote the progressive cultural values of humanity to create diversity and socio-economic values. Promote media development to be high quality, modern, agile and up-to-date in order to act as the capable voice of the Party and the State in the comprehensive and extensive implementation of the Party and Government guidelines and policies in each period from the central to the local level.

1.1. Targets and Indicators:

- Based on the results of the 6th Lao Expenditure and Consumption Survey (LECS6), reduce the poverty rate to 13.9% of the total population, and reduce the rate of poor households to 9.5% of all households;
- Based on the Decree No. 348/PM on Well-being Criteria and Development Criteria:
 - + Increase the number of families lifted out of poverty by 204,360 families (from 964,149 to 1,168,509 families);
 - + Increase the number of villages lifted out of poverty by 3,104 villages (from 4,792 to 7,896 villages)
 - + Increase the number of districts lifted out of poverty by 69 districts (from 53 to 122 districts)
 - + Increase the number of Developed Families by 245,754 families (from 736,996 to 982,750 households)
 - + Increase the number of Developed Villages by 4,420 villages (from 747 to 5,167 villages);
 - + Build 10 large villages into small towns in rural areas
- Provide resettlement and stable occupations for people in 25 target areas;
- Expand the Village Development Fund of 500 million kip per poor district to 64 other villages;
- Establish three modern ICT centres at the local level;
- Build and expand radio transmitting stations at the district level in 36 stations and expand radio broadcast speakers in 2,800 villages;
- Expand the transition from the analogue system to the digital system in 22 stations nationwide;
- Nominate 130,000 Cultural Families and 750 Cultural Villages;
- Continue to nominate natural heritage, (Hin Nam No National Park in Khammouane Province) to UNESCO's World Heritage List; four types of cultural heritage (traditional handicraft knowledge, traditional Lam Vong Dance, Baci ceremony and midwifery) to the list of Cultural Heritage of Humanity and three types of historical heritage (pictures of history and culture, traditional bookbinding and Buddhist works in promoting legacy and memory of the past to world community.
- Survey, collect information and register cultural heritage: survey 35 archaeological sites and excavate five sites; register ancient artefacts and Buddha images in five sites; register and upgrade 20 cultural, historical and natural heritage sites from the local level to be listed at the national level and register five ancient Buddhist sites.

1.2. Priority Activities:

Rural development and poverty alleviation:

- Continue to develop rural infrastructure in the focus areas of rural development and address the issue of poverty by providing the necessary infrastructure, such as expanding roads, bridges and transportation systems to reach the villages and the centre of each focus area,

and connect all villages to the national infrastructure; expand telecommunication and postal systems; expand the power transmission network, both grid-connected and off-grid energy technologies, to rural and remote areas; expand the coverage and quality of education to ensure that all focus areas have secondary education that is easily accessible; improve and expand the provision of health services to rural and remote mountainous areas, so that all type-A health centres are provided with experienced senior doctors and adequate medical equipment to ensure primary care and treatment services and remote villages have home medical kits; and focus on completing the survey, design and layout planning of big villages to create economic and socio-cultural centres in the focus areas and the new allocated areas of localities and the government.

- Continue to provide the fundamentals of permanent settlements and secure livelihoods for the people in target areas, and address the problem of illegal and scattered relocation.
- Focus on efforts to help families without a permanent settlement, without a permanent location for livelihoods, without a stable job, and living in small scattered villages in slash-and-burn areas with poor conditions for sustainable development, and target villages affected by development projects by relocating to a suitable area, or consolidating neighbouring hamlets into big villages, focusing on allocating land (within the locality without any relocation), and carry out inter-provincial arrangements as needed with careful planning.
- Continue implementing the Poverty Reduction Fund and the border development fund;
- Promote private sector investment related to rural development and poverty alleviation;
- Improve technical centres and provide technical support in the areas of production, value chain, and business operation.

Information and culture:

- Improve and upgrade the technical structure for the production of television news, radio broadcasts, newspapers and new integrated media, and continue to expand the transition from analogue digital systems nationwide;
- Develop diverse and quality television and radio programming, new media and newspapers, including news and opinion columns;
- Systematically establish and expand stations and network for cable and digital television signal transmission, and expand the radio broadcast speaker system;
- Develop software and systems for sending and receiving information on print and electronic media between the central and local levels in a smooth, fast and secure manner;
- Establish media centres to manage and provide services throughout the country;
- Improve cooperation mechanisms, including coordination with local and foreign enterprises to develop quality, diverse and modern media products;
- Restore cultural heritage, improve the National Library database, and survey and collect artefacts for display in the National Museum;
- Improve and enhance the process of building new Cultural Families and Villages in close connection with the development of new life plans and moral values of the society on the basis of inheriting the fine traditions of the local communities.

2. Output 2: Public utility infrastructure improved and access to public services made more inclusive and equitable

In order to reduce the gap in access to infrastructure and essential public services, it is necessary to increase investment in the construction and improvement of public utility service

infrastructure, and to promote the creation of sustainable jobs in rural areas through the participation of the private sector and society as a whole.

2.1 Targets and Indicators:

- Increase the electricity access rate to 98% (an increase of 3 percentage points) of total households in the country, of which, the grid system should expand by 2.26 percentage points (28,000 households) and the off-grid system by 0.74 percentage points (more than 9,000 households);
- Complete the electricity grid expansion in three provinces (Phongsaly, Huaphanh and Sekong), which currently have the lowest electricity consumption rates in the country;
- - 90% of all village clusters (households) have all-year road access;
- 98% of all families have access to public health care services;
- - Reduce the maternal mortality rate in rural areas by 30%;
- - Reduce the infant mortality rate in rural areas by 30%.

2.2 Priority Activities:

Gradually reduce the urban-rural disparity in terms of people's incomes, access to infrastructure and essential public services by prioritising: continuing to improve infrastructure where it is most needed and lacking, especially rural roads, improving access to electricity consumption in rural areas in different ways by extending transmission lines with the single-wire earth return (SWER) system, expanding solar power into remote areas where the power grid system cannot reach, expanding telecommunication systems, water supply, schools, hospitals, small hospitals, production areas and other essential public services. Continue to mobilise and engage people to contribute to the socio-economic development process as well as rural development and poverty alleviation efforts in a proactive manner, closely linked to the production process to ensure food security, commercial production, and agro-processing.

3. Output 3: Equal access to socio-economic development opportunities promoted and the rights of women and children protected

Advance the capacity of women and children to enable their contribution to socio-economic development, along with protecting the rights and interests of women, children, and ethnic groups by providing the necessary assistance or essential support to improve their livelihoods and promoting broader social participation.

3.1 Targets and Indicators:

+ Promotion and advancement of gender equality:

- Reduce the Gender Inequality Index from 0.459 in 2019 to 0.430 in 2025;
- Increase the Gender Equality Index from 0.927 in 2019 to 0.984 in 2025;
- Increase the Gender Development Index from 0.589 in 2019 to 0.675 in 2025;
- Reduce the rate of women being abused by their intimate partner (physical, sexual or psychological), from 30.3% to 15%;
- Promote and create conditions for women to take up leadership and management positions at various levels, reach an average of 20%:
 - Women to account for 30% or more of members of the National Assembly and Provincial People's Assembly;
 - Women to account for 30% or more in leadership positions at the central level;
 - Women to account for 20% or more in leadership positions at the provincial and Vientiane Capital level;
 - Women to account for 20% or more in leadership positions at the district level;
 - Women to account for 10% or more in leadership positions at the village level;
 - Women to account for 50% or more of civil servants;

- Increased access to legal, health and social services for female victims of violence from 2% to 20%;
 - The proportion of women who have experienced domestic violence in their lifetime to be reduced from 15.3% to 6%;
 - 80% of women aged 15 and over can participate in the dissemination of state policy guidelines, the constitution, laws and conventions related to women and children, development plans, and historical and cultural heritage;
 - 50% of district and provincial women's unions receive capacity building on counselling for women and children; and women and children at risk and victims are protected by the law and have greater access to justice, and child marriage is prevented and reduced;
 - 1,500 poor and disadvantaged women in the provincial Women's Unions receive short-term and long-term vocational training;
 - Expand the organisation and membership of the Women's Unions in the business sector (business units with women accounting for 50% or more) to reach 20%.
- + **Promotion of children's rights and development:**
- Prevalence of multidimensional deprivation among children, based on the national definition of multidimensional child poverty, to be reduced to 30% in each province;
 - Early marriage among adolescents under 15-19 years of age, for girls to be reduced from 23.5% to 20%, and for boys to be reduced from 5.9% to 3%;
 - Reduce violence against children:
 - Physical violence among girls to be reduced from 15% to 10% and among boys from 16.9% to 10%;
 - Psychological violence among girls to be reduced from 24.2% to 20% and among boys from 17.7% to 12%;
 - Sexual violence among girls to be reduced from 7.3% to 4% and among boys from 12% to 8%.

3.2 Priority Activities:

- + **Promoting and creating opportunities for women and children:**
- Research and disseminate state policy guidelines, the Constitution, laws and conventions, development plans and historical and cultural heritage, related to the development and protection of rights and interests of women and children;
 - Expand the membership of the Lao Women's Union to cover all areas of work, and strengthen the capacity of female leadership and management staff and successor staff;
 - Coordinate with relevant parties to create conditions for women staff members to participate in upgrading professional skills, and political ideology training;
 - Prevent and combat violence against women and children, trafficking in persons and early marriage among female children; strengthen, monitor and evaluate the work of counselling and protection of women and children with problems in the family and society; and improve and expand hotline services on violence against women and children;
 - Reduce multidimensional deprivation among children (nutrition, health, child protection, hygiene, housing, early childhood development, education, information);
 - Coordinate with all parties to integrate gender equality into development plans, programmes, projects and activities to promote and create gender equality in all areas;
 - Strengthen mechanisms to monitor, promote and enforce laws related to gender equality, the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and the Convention on the Rights of the Child (CRC);
 - Strengthen the mechanisms for effective assistance to survivors of violence in the social and healthcare sectors;
 - Strengthen the creation and use of gender equality statistics for all sectors and localities;

- Raise awareness about gender equality among politicians, members of parliament, industry leaders, lawyers, youth, parents, guardians, community leaders and civil servants to enhance understanding of the importance of gender equality, CEDAW, temporary special measures, and to apply the knowledge of gender equality into the development of laws related to the rights of women and children and the implementation of gender equality in the family, community, and society;
- Encourage women and children to receive vocational and technical training such as: agricultural production, farming, animal husbandry, handicrafts, financial services, business management, banking, taxation, laws and business regulations, as well as research and formulate policies on access to finance and women's entrepreneurship to contribute to socio-economic development;
- Promote the development of adolescents and girls through various policies and measures, such as the "Noi 2030 Framework" to mobilise all parties to increase investment in adolescent girls of childbearing age; raise girls' awareness of their value in development; and promote the role of women in urban and rural settings to contribute to development by reducing the pay gap between men and women;
- Build resilience for women and children through humanitarian assistance, including resilience against COVID-19, climate change preparedness and emergency response;
- Continue to implement the Convention on the Elimination of All Forms of Discrimination against Women, the Convention on the Rights of the Child and Lao PDR's commitment to the promotion of children's rights under the theme "Unleashing the Unlimited Potential of the Lao Generation 2030", as well as the Beijing Declaration and Action Plan;
- Improve the gender and ethnic balance of personnel at all levels;
- Promote the participation of women in planning, monitoring, and implementing programmes and projects related to socio-economic development, including capacity building for women. Ensure the participation of children and women in urban development plans to create better employment opportunities.

4. Output 4: Promote and develop youth to improve human capital and participation in the workforce

4.1. Targets and Indicators:

- Provide vocational training and create jobs for youths, especially young people in remote rural areas, the poor and disadvantaged in the fields of motorcycle and automobile repair, electrician, welder, tailor, beautician, agriculture and animal husbandry to increase by 20% each year (organised through the Lao People's Revolutionary Youth Union);
- Increase provision of counselling to depressed and discouraged young people, or those experiencing other problems to 15% of the youth population;
- Disseminate laws and policies to young people across the country;
- Conduct awareness raising [on...] in schools starting from the primary education level across the country;
- Provide technical training and training on youth work for youth workers and personnel across the country once a year.

4.2. Priority Activities:

- Advocate and disseminate Lao Youth Union Law and National Youth Development Strategy (2021-2030);
- Raise awareness among youth and adolescents to recognise, understand and actively participate in priority activities such as education and sports, health, vocational development, labour force, cultural heritage protection, especially the preservation of the

unique style of the traditional Lao houses, traditional clothing and the way of life of the people of all ethnic groups, information consumption, the environment and protection of the legitimate rights and interests of youth and adolescents;

- Youth and adolescents in remote areas and rural communities have jobs and improved skills in doing business to generate income for their families;
- Promote career opportunities and create more jobs in the formal sector;
- Improve the capacity of personnel of the Lao People's Revolutionary Youth Union and other organisations to be able to develop and implement various youth programmes;
- Increase the capacity of Lao youth nationwide to actively participate in local development and socio-economic development;
- Provide counselling for young people who feel depressed, discouraged, lacking clear direction, or experiencing other problems;
- Promote youth-adolescent talent development by giving them a platform to express their talent so that the society, families, the Party, the State, and the people recognise the potential of youth and adolescents;
- Promote youth health by providing knowledge about reproductive health, sex education, HIV/AIDs, and harmful effects of substance abuse. Create opportunities for young people to be more involved in decision-making processes with regards to their health.

5. Output 5: Expand access to more efficient social protection services for the people, including workers and self-employed individuals

Implement the National Social Protection Strategy 2025, focusing on strengthening the efficiency of the social protection system to expand social security coverage for workers covering a wide range of target groups, providing access to social security services through contributory schemes, and improving management and administration mechanisms to ensure the sustainability of the National Social Security Fund to be able to meet the payments of benefits and provide quality and transparent services.

Improve the social welfare system so that those who contributed to the national revolutionary cause and disadvantaged people, such as children with special needs, the disabled and the elderly have access to more efficient social welfare services, as well as promote wider social participation.

Improve the social welfare schemes to be able to provide aid and relief services to the poor and disaster victims, including by promoting broad social participation.

5.1 Targets and Indicators:

- Improve the audit of income-expenditure management of the National Social Security Fund in accordance with laws and regulations to be conducted twice a year;
- Expand social security coverage to 1,275 new additional enterprises;
- Expand social protection coverage to 157,500 people, of which 7,500 public sector workers, 135,000 private sector workers, and 15,000 voluntary participants (informal sector workers);
- Provide various types of social security benefits to 479,633 people, of which 198,321 public sector workers, and 283,312 private sector workers and voluntary participants;
- Collect social protection contributions amounting to LAK10,630 billion, of which LAK7,902 billion from the public sector, and LAK2,728 billion from the private sector and voluntary participants; implement LAK9,461 billion in expenditure on benefit payments and administration, of which LAK7,891 billion for the public sector, and LAK1,569 billion for the private sector and voluntary participants; and by 2025, aim to achieve total social security fund reserves of LAK2,810 billion, with an increase in investment expected to yield about LAK602 billion;

- Implement the welfare policy for 16,000 people who contributed to the national revolutionary cause in the five priority target groups to reach 15,000 people and the general group to reach 1,000 people, with a projected total budget of LAK418.82 billion;
- Provide benefits to 950 disabled war veterans who rendered their services to the national revolution;
- Establish a database system for the implementation of policies for those who have contributed to the national revolutionary cause at the central and local levels;
- Establish a central database system to record information about the disabled and the elderly to be installed in 18 provinces across the country;
- Quality of life is improved for 2,000 people with disabilities and 800 elderly people;
- Expand Child Protection and Assistance Committees at the district level in 35 districts and at the village level in 500 villages, as well as provide training on child protection and assistance to at least 500 people, an average of 100 people per year;
- Provide funding contribution for childcare in SOS Children's Villages to reach 1,003 children, including 444 girls;
- Provide support to 2,000 children with special needs, pregnant women and children in the first 1,000 days of life;
- Establish one Laos-Thailand Friendship Social Development Centre;
- Upgrade two donation consumer goods warehouses, one in Vientiane Capital and one in Champassak Province, and construct one new warehouse in Oudomxay Province;
- Support the establishment of social welfare funds in 23 poor districts;
- Mobilise and collect 364,400 blood donations, of which 151,530 are to be donated at the National Blood Transfusion Centre and 211,870 at the local level;
- Provide food to 4,656 disaster victim families in Sanamxay District, Attapeu Province, provide food to disaster victims, the poor and the socially disadvantaged across the country to reach 210,000 people per year; and provide consumer goods and supplies for 4,000 people per year, subsidise the construction of houses for 500 families per year and improve the living standards of 100 people per year.

5.2 Priority Activities:

- Strengthen the social security system so that workers have access to expanded insurance services and cost-effective social security services without financial hardship, and eligible family members can access services through payment of contributions;
- Expand social security coverage for workers in various target groups, focusing on workers at registered enterprises at the national and local levels, and self-employed workers in the formal economic sector;
- Establish mechanisms to encourage and facilitate workers in the informal sector in various occupational groups at the local level to participate in the social security system voluntarily and ensure that they are offered benefits appropriate to their specific needs;
- Improve the mechanism for the management and administration of the National Social Security Fund to be sustainable and able to implement the payment of various benefits in each period and provide quality, prompt, transparent and auditable services;
- Improve the quality and system of the social security service network at the district level, as well as establish a mechanism for inspecting social security work in a systematic and effective manner;
- Promote participation in social security by conducting effective and broad social protection public relations campaigns to make employers and workers, including self-employed workers, aware of their rights and the benefits under the social security schemes;
- Conduct actuarial studies to ensure sufficient fund reserves and improvements according to the results of the actuarial assessments to ensure sustainability of the National Social Security Fund; and implement the necessary arrangements to allow contributions to the

social security fund to be collected through the banking system and ensure the collection of social security contributions and sustainability of the National Social Security Fund;

- Establish an insurance system for small farmers;
- Implement welfare policy to recognise the virtues of those who contributed to the national revolutionary cause according to the various target groups, prioritising the priority target groups, improve the information database to be systematic and accurate, and allocate more budget for implementation, as well as encourage the participation of society at large;
- Protect the rights and interests of persons with disabilities and the elderly in accordance with the law and to be in line with regional and international standards, as well as improve the livelihoods of persons with disabilities and the elderly through broader participation of society at large;
- Ensure the participation of disadvantaged groups and people with disabilities in urban development planning to create employment opportunities, and study, improve and build appropriate infrastructure that can be used by all, including the elderly;
- Strengthen work on child protection to increase efficiency and enable the provision of services or assistance to children with special needs, children at risk of human trafficking, and encourage greater social participation;
- Coordinate with international non-governmental organisations (INGOs) and civil society organisations (CSOs) to participate in the effective implementation of social welfare work;
- Continue to strengthen the implementation of humanitarian work, focusing on the promotion of safe blood donation and blood transfusion, early relief support, primary healthcare promotion, first aid support, and emergency rescue with wider public engagement.

6. Output 6: Unexploded Ordnance (UXO) clearance progressively accelerated and more lives made safe from UXO

Unexploded ordnance (UXO) contamination in Lao PDR is a priority issue to be tackled with important implications for poverty alleviation, land use for agricultural production, habitation, tourism or land use to access natural resources, thus posing a major challenge to socio-economic development and continuing to be a threat to lives. Over the years, despite the progress made by the relevant stakeholders in clearing UXO from agricultural land, construction land and other development project areas, it is evident that the areas cleared of UXO so far are not sufficient to meet the rising needs and demands of the people and socio-economic development, due to limited resources, capital and technical capacity. It is therefore necessary to develop a long-term strategy for UXO clearance, and strengthen the sustainability, ownership and capacity of the UXO clearance sector.

6.1 Targets and Indicators:

- Undertake mine risk education to inform communities about the risks and safe practices associated with UXO in 3,000 target villages and roll out the UXO curriculum in 500 schools to reduce the number of UXO casualties to less than 40 persons per year;
- Conduct non-technical surveys to identify confirmed hazardous areas (CHA) in 2,776 villages, and technical surveys to identify CHA on 250,000 hectares, an average of 50,000 hectares of land per year;
- Clear UXO on 50,000 hectares of agricultural land, community areas and economic centres, an average of 10,000 hectares of land per year;
- Provide assistance to 5,760 victims of UXO, out of a total of 9,607 victims, in medical treatment, psychological support, healthcare and rehabilitation, vocational training and employment opportunities; of these, provide medical treatment to 250 people, provide psychological support to 250 people, provide rehabilitation to 750 people, provide vocational and on-the-job training to 2,010 people, and raise awareness on the rights of people with disabilities for 2,500 people.

6.2 Priority Activities:

Continue to address the issue of UXO so that people can live their lives safe from UXO and Sustainable Development Goals can be achieved by focusing on:

- Disseminating mine risk education to the wider community and providing timely assistance to victims so that they can continue their livelihoods and contribute to development;
- Conducting more non-technical and technical surveys and increasing UXO clearance operations;
- Strengthening UXO clearance agencies in terms of technical capacity, coordination, effective planning and responsibility of each sector; and increasing mobilisation of domestic and foreign financial support;
- Increasing coordination between the government and civil society organisations, which play an important role in assisting the government in the implementation of UXO clearance.

7. Large-Scale and Priority Projects for Outcome 3 (See details in the Annex):

- (1) Rural infrastructure development for poverty alleviation project, Phase 1 (Ongoing project)
- (2) Local Development Programme (Luxembourg) (Ongoing project)
- (3) UXO Clearance Project (Ongoing project)
- (4) Rural infrastructure development for poverty alleviation project, Phase 2 (New project)
- (5) Rural infrastructure development project (public infrastructure, access road to production sites) (New project)
- (6) Project on allocation of production areas and occupations to generate income for the people (New project)
- (7) Project for village development and formation of big villages into small towns in rural areas in accordance with the Decree No. 348 /GO (New project)
- (8) Project to promote integrated agricultural production to guarantee food security and nutrition and generate income for people of all ethnic groups (New project)
- (9) Enhancing Social and Economic Opportunities for Youth in Lao PDR (UNDP) (Ongoing project)
- (10) Occupation promotion programme for the elderly (Ongoing project)
- (11) Project to promote the elimination of hazardous child labour (New project)
- (12) Gender promotion and women's development project
- (13) Project to improve and expand the network for women and children counselling (New project)
- (14) Project on prevention and elimination of violence against women for mainstreaming gender into the national development agenda in Lao PDR (Ongoing project)

Outcome 4: Environmental protection enhanced and disaster risks reduced

Socio-economic development must be associated with the protection of the environment in line with the direction of green and sustainable development in order to improve the living standards of people in urban and rural areas through strong cooperation and coordination between the public sector, private sector, and all relevant stakeholders for efficient, effective and sustainable use of natural resources, and to ensure the maximum benefit of the country and its people, in particular the benefits from forest-carbon trading through green budgeting initiatives. In this context, it is important to improve legislation and management of the use of land and natural resources to ensure the sustainability of investment projects and the management of pollution and waste, identify measures and conditions to build climate resilience through adaptation and mitigations, promote green growth through

targeted investments in green sectors, which will help diversification and shifting towards a more circular economy, and focus on tackling climate change by reducing pollution and greenhouse gas (GHG) emissions, along with defining a climate change response strategy, and strengthening natural disaster preparedness and timely emergency response.

1. Output 1: Natural resources sustainably used and managed

1.1. Targets and Indicators:

- Increase forestland to 70% and increase forest cover to no less than 70% of the total land area by 2025;
- Develop five national conservation forests into national parks by 2025 (Xe Pian, Dong Hua Sao, Phu Khao Kuay, Nam Kan and Nam Kading conservation forests);
- Review and re-evaluate investment models for the conservation and restoration of forests, such as water source forests, with the participation of the public and private sectors and the communities in the form of the Namkat Yorla Pa model in order to expand and replicate the model, particularly the areas of water source forests and biodiversity protection areas, while promoting ecotourism in a sustainable manner;
- Develop comprehensive plans for land allocation and management of natural resources and the environment at the provincial level to be completed in all provinces and Vientiane Capital, focusing on the successful and effective implementation of the Land Law;
- Register and issue 1.6 million land titles nationwide, as well as modernise the land management system;
- Plant trees on 200,000 hectares of land for commercial production and to guarantee the supply of raw materials to industries;
- Rehabilitate 1,800,000 hectares of forest;
- Build at least nine air quality monitoring stations across the country;
- Develop management plans for 14 large-scale river basins and provincial river basins to be completed across the country.

1.2. Priority Activities:

- Water resources management and use: Ensure the use of water resources in socio-economic development for maximum benefit and sustainability, including uses such as for people's consumption, hygiene and health, production, fisheries, power generation, and industrial consumption, among others. Therefore, in order to ensure the sufficient, efficient, effective and sustainable use of water, it is necessary to focus on managing and conserving water sources by promoting the establishment of coordination mechanisms for participatory management, allocation and use of water by various sectors and localities, including people of all ethnicities and all sectors of society; protect and improve the quality of upstream forests/water sources associated with river basins by implementing the National Water and Water Resources Management Strategy, and river basin management plans; protect, improve and expand natural catchments (streams, ponds, canals, lakes) and man-made water sources to make them more efficient and sustainable; and protect water quality and develop management plans to allocate and use water and water resources efficiently, effectively and sustainably. Additionally, improve and invest in the necessary and low-cost infrastructure for the collection and treatment of wastewater in urban and rural areas, and establish strategies and policies at the national and local levels to encourage effective investment in appropriate sanitation services.
- Pollution control: Support the improvement and efficiency of the pollution management system, focusing on: continuing to develop, improve and implement the relevant laws and regulations in a more efficient, effective and competent manner; conduct environmental quality monitoring, especially water and air quality (PM 2.5), establish a database system and collect information on sources of emissions, toxic chemicals, hazardous wastes and other

wastes to control, monitor and measure pollution levels and formulate relevant policies. Encourage industrial plants, businesses and consumers at all levels to manage and utilise waste more by creating incentives and social activities to raise awareness and promote shared responsibility, address air pollution, strengthen capacity to address the problem of pollution caused by the use of plastics; and develop legislation and regulations on chemical residues, especially in the agricultural sector related to the use of pesticides. Encourage and implement measures to reduce and prevent forest fires, and haze from slash-and-burn agricultural practices at all hotspots nationwide; and build capacity for sectoral and local staff.

- Forest resources management and use: Focus on establishing mechanisms for developing and implementing plans for participatory forest management, protection and use of relevant sectors at the central and local levels; survey, classify and demarcate forest areas and categories to be completed as soon as possible, as well as monitor the management and use of each category of forest; promote the sustainable management, protection and use of community forests in order to reduce degraded forest areas; promote and encourage domestic and foreign private investment in afforestation or planting various tree species in barren and degraded forestland areas to expand forest cover for climate change mitigation purposes and to meet the needs of the wood processing and export industries to boost economic growth, create jobs, reduce poverty and improve people's livelihoods.
- Land management and use: Develop sectoral and local land use strategies and land use master plans, complete the issuance of land titles nationwide and complete the modernisation of land title information management system; encourage the development of comprehensive land allocation, natural resources and environmental management plans at the provincial level to be completed nationwide. Allocate land for clean agriculture and sustainable organic farming, sustainable industrial production, and climate change mitigation and resilience through afforestation or agroforestry.
- Biodiversity management: Protect biodiversity and ecosystems which both have economic value and are vital for the stabilisation of habitats and species' ecosystems, by promoting eco-tourism, developing national parks and protecting biodiversity hotspots that will reinforce economic opportunities and reduce the risk of disease outbreaks. Pilot the development of a natural resource and environmental inventory model in Phou Chom Voy Provincial Protected Area as a basis for assessing the sustainable management and use of natural resources, as well as undertaking measures to manage and reduce the conflict between biodiversity and wildlife conservation and socio-economic development.
- Environmental safeguards: Develop, improve and support the implementation of subordinate legislation related to the protection, management and promotion of public participation in environmental protection; develop action plans, manuals and environmental guidelines; conduct Strategic Environmental Assessment (SEA); Environmental Impact Assessment (EIA); and Socio-Economic Impact Assessment (SEIA); and strengthen the monitoring of investment projects.

2. Output 2: Green growth promoted and actions taken towards climate change mitigation

2.1. Targets and Indicators:

- Study the feasibility of developing a plan to reduce greenhouse gas emissions to a level that is in balance with absorption capacity, moving towards net-zero greenhouse gas emissions (Net Zero Emission Plan 2050);
- Reduce greenhouse gas emissions from deforestation to about 30 million tonnes of carbon dioxide equivalent (tCO₂e) and sell forest carbon credits worth at least USD 95 million;
- Develop a new Nationally Determined Contribution (NDC) and the National Adaptation Programme of Action (NAPA);

- Energy efficiency standards and codes for electrical equipment are established;
- Implement strategies to promote the use of clean energy in the transportation sector to reach 14% of the use of vehicles nationwide;
- Build more than 100 charging stations/bio-fuel stations nationwide (20 stations in the northern region, 50 stations in the central region and 30 stations in the southern region);
- Build and improve standardised landfill infrastructure across the country, including at least five locations in major cities.

2.2. Priority Activities:

- (1) Green growth: Promote targeted green investments in line with the green and sustainable direction to reduce dependence on natural resource extraction, which will contribute to economic diversification and growth. Study policies and regulations to mainstream green budgeting in the national and sectoral budgets. Create incentives for both domestic and foreign private investment in priority sectors with green growth potential.
- Circular economy: Economic growth must go hand in hand with sustainable, efficient and effective use of natural resources by ensuring the lifespan and quality of products in compliance with the concept of circular economy aimed at reducing, reusing, and recycling to create added value. For Lao PDR, potential sectors to employ circular economy include nature-based tourism, possibilities for promoting algae farming in hydropower reservoirs for biofuel, fish oil and fertiliser production. Another potential sector is the export of green construction materials such as bamboo.
- Industrial sector: Promote the development of integrated industries where raw material waste or other wastes from one industrial plant can be used as raw materials for another industrial plant in order to increase the efficiency of the use of limited natural resources for maximum benefit and to reduce waste.
- Small and Medium Enterprises: Promote small and medium-sized processing industries per the green and sustainable direction, especially green and organic agriculture, and eco-tourism with local people's engagement, and encourage tourism-supporting businesses to efficiently use natural resources and energy, have more environmentally-friendly behaviours and reduce waste, among others.
- Urban planning: Develop beautiful, green and liveable cities with artistic and cultural values, focusing on: designing urban planning and management, facilities and construction of buildings in cities (provincial and district municipalities, towns and communities) aimed at developing green and vibrant cities, with unique national artistic and cultural characteristics, and strong infrastructure that is resilient to climate change and natural disasters; ensuring availability of spacious and safe sidewalks, green spaces, public parks, sports facilities, and playgrounds, among others; and improving treatment facilities and urban environmental protection and management systems to reduce waste from industrial plants, hotels, guesthouses, restaurants and residences. Study and pilot model green cities and rural areas.
- Waste management: Improve the efficiency and effectiveness of solid waste and other waste management by raising awareness to change people's behaviour of littering, promote waste segregation for recycling and reuse, reduce the use of single-use materials, promote the use of biodegradable products; build and improve infrastructure such as landfills to be more effective and compliant with hygiene practices and guidelines, especially focusing on big cities, starting with environmental issues in cities in different provinces such as Vientiane Capital, Savannakhet, Champasack, and Luang Prabang. Encourage local and foreign investment in the waste business to recycle waste and transform waste into raw materials to create economic value, and reduce the use of limited natural resources.
- Sustainable agriculture development: Promote organic, effective and sustainable agricultural production, promote integrated crop rotation to reduce soil degradation, limit and reduce the cultivation of monoculture crops or growing a single crop for an extended period of time,

which affects soil fertility and biodiversity, and promote multi-crop production, taking into account economic efficiency, technical feasibility, climate change, food security capacity and nutritional value.

- Transport sector: Study and develop legislation and policies to promote the use of vehicles that are powered by clean energy or locally available energy, such as electric vehicles (EVs) that use hydro-energy and solar energy, and promote the development of biofuel plants from palm oil, kerosene, cassava and the methane (CH₄) production demonstration project for transportation and industrial sectors to reduce the import and use of fossil fuels and greenhouse gas emissions;
 - Energy sector: Encourage electricity generation from natural resources according to local potential to reduce poverty and improve people's livelihoods; promote green infrastructure development and improve energy efficiency in households and other places; encourage the development of the renewable energy industry by focusing in a selective manner on public, private, domestic and foreign investment in the production of hydropower, solar and wind power to maximise benefit by creating financial incentives such as tax incentives for investment in renewable energy technologies for both domestic and foreign investors. Develop regulations and guidelines on the implementation of energy saving and conservation for industrial plants, office buildings, electrical equipment and energy equipment; and promote energy management systems in buildings and industrial plants.
 - Eco-tourism: Promote eco-tourism, promoting energy efficiency; improve the quality of the tourism service network in the production and use of environmentally friendly products to reduce waste, aiming to protect natural resources; and create clean tourist cities and develop quality tourist attractions to stimulate economic growth, create jobs and reduce poverty with the participation of local people.
- (2) Climate change mitigation: Lao PDR emits negligible carbon but is strongly affected by emissions taking place in the rest of the world. Therefore, in order to be able to adapt and mitigate the impact of climate change, it is necessary to focus on the following tasks:
- Continue the implementation of the Nationally Determined Contributions (NDC) and greenhouse gas emission mechanisms such as the REDD+ project in order to contribute to international greenhouse gas emissions mitigation; promote businesses with low greenhouse gas emission to contribute to climate change mitigation; promote the use of modern techniques and technologies that generate less waste, save energy, and use clean and environmentally friendly energies; and promote the protection and expansion of greenhouse gas absorption sources such as forest cover, earth, and others.
 - Mainstream climate change adaptation and community-based adaptation (CBA) into sectoral development plans to protect people from natural disasters.

3. Output 3: Capacities for disaster prevention, management and recovery enhanced

Lao PDR has suffered natural disasters such as floods, droughts, landslides and earthquakes due to climate change, which has severely affected socio-economic development and the livelihoods of the people. Therefore, it is important to increase prevention, responsiveness and post-disaster recovery (from natural and man-made disasters), as well as disaster risk insurance, to mitigate the impacts and provide timely monitoring and warning.

3.1. Targets and Indicators:

- Build and upgrade the meteorological and hydrological station network nationwide, and improve the system through the use of modern automated stations. Establish 45 new meteorological stations and 25 new hydrological stations;

- Undertake natural disaster risk and climate change hazard mapping, and establish a nationwide hydrological forecasting system to provide information for agricultural production;
- Develop an action plan to address risks and vulnerabilities;
- Establish and improve Disaster Management Committees at the district and village levels in 100 high disaster risk districts and 800 villages in all provinces and Vientiane Capital, and strengthen disaster management capacity for the Provincial, District and Village Disaster Management Committees to reach 750 people, an average of 150 people per year;
- Establish one disaster management fund at the central level, 18 funds at the provincial level and 56 funds at the district level;
- Update disaster risk information at the central level and encourage localities to assess risks and create disaster risk maps; and support the development of provincial disaster risk reduction strategies and disaster preparedness plans for 10 provinces, 20 districts and 80 villages;
- Conduct one ASEAN Disaster Emergency Response Simulation Exercise, two exercises at the national level and five exercises at the local level;
- Establish emergency assessment and assistance teams of 30 people at the central level, 100 people at the provincial level nationwide, and 300 people at the district level, and build capacity for such teams.

3.2. Priority Activities:

- Integrate climate change adaptation and mitigation of the effects of climate change and natural disasters into the development plans of relevant sectors and localities in a systematic manner; and develop standard operating guidelines on early warning of meteorological and hydrological hazards. Implement management plans, and measures to efficiently and effectively counter the effects of climate change and natural disasters (warning system, prevention, emergency assistance); build capacity to forecast floods, droughts and earthquakes in high-risk areas across the country; continue to improve and expand the meteorological and hydrological station network nationwide; improve and expand the National Early Warning Centre as well as the information transmission network, the effective forecasting and early warning of meteorological and hydrological disasters to meet the standards of the World Meteorological Organisation; improve the quality of reporting and effectiveness of news alerts on temperature, weather, earthquake and water levels.
- Strengthen the prevention, control and recovery of natural and man-made disasters by enhancing capacity of the central and local disaster management committees in disaster risk reduction and preparedness; promote the establishment and capacity strengthening of national, provincial, district and village emergency relief reserves to be able to provide timely and effective relief support to disaster victims, and at the same time, strengthen coordination between government agencies and local administrations to effectively address the damage, and provide assistance to those affected by natural disasters, and promote the participation of all sectors of society, both domestically and internationally.

4. Large-Scale and Priority Projects for Outcome 4 (See details in the Annex):

- (1) Conservation forests, national parks and world heritage management project (Ongoing project)
- (2) Protection forest management project (Ongoing project)
- (3) Production forest management project (Ongoing project)
- (4) Village forests and non-timber forest products management project (Ongoing project)
- (5) Tree planting and reforestation promotion project (Ongoing project)
- (6) Aquaculture, wildlife and biodiversity management project (Ongoing project)

- (7) Project to reduce greenhouse gas emissions from deforestation (Ongoing project)
- (8) Forests and forest resources inspection project (Ongoing project)
- (9) Capacity building for natural disaster risk reduction project (Ongoing project)
- (10) Sustainable consumption and production project (Ongoing project)
- (11) Project for modernisation of land management nationwide (Ongoing project)
- (12) Integrated water resources management project (Ongoing project)
- (13) Climate resilience adaptation project (Ongoing project)
- (14) Project to integrate land allocation, and natural resource and environment management plans (Ongoing project)
- (15) Project on management and reduction of waste and plastics (Ongoing project)
- (16) Project to develop land and environmental development plans (New project)
- (17) Disaster risk management project (World Bank) (Ongoing project)
- (18) Green Climate Fund (Global Green Growth Institute) (Ongoing project)
- (19) Pilot project for electric vehicle charging stations (Global Green Growth Institute) (New project)

Outcome 5: Engagement in regional and international cooperation and integration is enhanced with robust infrastructure and effective utilisation of national potential and geographic advantages

Lao PDR is a country with a strong geographic advantage due to its central location and proximity to countries with strong economic growth, especially ASEAN countries and China, enabling it to potentially become a hub for the transportation of goods and services. Therefore, the improvement and upgrading of land, water and air connectivity is necessary and important to enable Lao PDR to transform from a landlocked country to a country that is fully connected to the region and the rest of the world, thereby promoting economic, trade and service integration, as well as improving integration in technology, clean energy and environmental protection, among others, under bilateral and multilateral cooperation frameworks such as: ASEAN Economic Community (AEC), World Trade Organisation (WTO) and others. At the same time, it is important to research and improve legislation and policy to create favourable conditions for the implementation of trade and investment agreements in a consistent and accurate manner. Infrastructure connectivity encompasses the construction of roads, railways, ports and airways to reduce travel time and transportation costs, and increase safety, as well as the need to promote potential sectors and cooperation in areas such as tourism, South-South cooperation, value chains and services, which is likely to increase post COVID-19 recovery.

1. Output 1: Infrastructures improved for national, regional and international connectivity to facilitate production, services, trade and investment

Lao PDR has invested in the development of various types of connectivity infrastructure, including connection to the Singapore-Kunming Rail Link (SKRL), which will help shorten travel time between Kunming and Vientiane from three days to three hours.

Focus should be placed upon developing and upgrading transport infrastructure, transit and transportation services, transmission lines, and telecommunication and postal services to enable internal connectivity, and connectivity with neighbouring countries, the region, and beyond in a targeted and coherent manner. This should be done through systematic monitoring of the efficiency of logistics services with an aim to develop Lao PDR into an important transit point for the transportation of goods and to expand the geographic, and other, potential of the country and localities to maximise benefits associated with the promotion of the tourism industry, production to meet the needs of neighbouring countries, and promotion of the hydropower sector to contribute to

increasing the transition to clean energy. Efforts should also be focused on promoting railway travel between China and Thailand by ensuring that the completion of the Laos-China railway project is on schedule, and leveraging the four existing international airports for maximum benefits, especially to facilitate air transport from Lao PDR to Thailand, Viet Nam and China, which already accounts for a high proportion of the number of flights, to increase further, and at the same time, promote more convenient flights to Malaysia, Korea and Japan.

1.1. Targets and Indicators:

- Improve Lao PDR's ranking under the Logistics Performance Index (World Bank LPI ranking);
- Extend the use of high-speed Internet via the fibre optic transmission network to all districts (148 districts) nationwide;
- Expand the use of long-distance meeting and email systems in the public sector to 68 government offices at the central and local levels;
- Expand cellular base stations to increase coverage area, of which 3G coverage areas to reach 100%, 4G to reach 90%, and the 5G system to be extended to major cities in 18 provinces nationwide;
- Construct two national Internet backup centres;
- Increase the computer literacy rate to 70%, the proportion of registered landline and wireless Internet users to 60%, the proportion of registered landline and wireless telephone users to 100%, and the proportion of registered high-speed landline and wireless Internet users to 70% of the total population;
- Create conditions to encourage the public and private sectors to use Lao satellite in their work for 18 sectors by 2025; and establish VSAT communication stations to provide links for government work nationwide;
- Expand the use of e-Office system in Party and State organisations in 45 offices at the central and local levels;
- Modernise the system of payments and revenue collection through various systems such as mobile banking/systems (Mobile Money) to reduce the use of cash in society, promote the new normal way of life and the development of the digital economy in the new period, establish electronic markets (e-markets), and promote warehouse and dry port services.

1.2. Priority Activities:

- **Land, water and air connectivity:**
 - Build, upgrade, rehabilitate and maintain 2,800 km of land transport infrastructure, including roads, bridges and express ways as part of the network along the economic corridors connecting the countries in the region in accordance with ASEAN technical standards.
 - Develop, rehabilitate and maintain water transport infrastructure and facilities along the Mekong River and Heuang River, which are international water borders, including ports, canals and river embankment;
 - Establish an efficient and comprehensive maritime transport system that can compete at the regional level, including development and improvement of Vung Ang 1, 2 and 3 port projects and their related facilities; and improve the management of Vung Ang port to be more efficient;
 - Undertake a feasibility study, survey and design, construct and maintenance of railways and railway facilities in accordance with the Government's approved strategy, including the Laos-China railway and the Laos-Thailand railway. The Vientiane Capital-Thakhek-Vung Ang railway line is currently in the process of preparing a detailed survey and design to move forward the construction of the Thakhek-Muya section (Laos-Viet Nam border).

- Build, improve, rehabilitate, manage and maintain airports and aviation facilities to ensure safety and security in accordance with international standards, including: four international airports, domestic airports and aviation communication systems in air traffic management;
- Develop a comprehensive transportation service system in nine logistics areas to connect the Laos-China railway to the Mekong sub-region and ASEAN railway network (Singapore-Kunming Rail Link), regional and international networks (Trans-Asian Railway), and connect to the road network, ports and airports to create a convenient, fast, modern, safe, highly efficient and cost-effective transportation system;
- Construct and install weighing stations and weighing equipment to manage heavy trucks on the roads connecting with countries in the region to be more efficient; and improve the mechanism and legislation for better management of heavy-duty trucks;
- Transmission line connectivity: Focus on upgrading and constructing the transmission lines necessary to connect from north to south and connect with neighbouring countries to enable electricity trade, and cooperate in establishing an electricity trading market;
- Telecommunication and postal connectivity:
 - Develop electronic public administration system to support socio-economic development, as well as expanding public services such as: e-Disaster, e-Agriculture, e-Signature, and Open Government Data;
 - Improve and expand the use of e-Service programmes to transform public administration and public service delivery to provide Government-to-Government (G2G), Government-to-Business (G2B), and Government-to-Community (G2C) services;
 - Modernise telecommunication and ICT infrastructure to support evolving technologies and ensure the provision of infrastructure in the digital economy era;
 - Promote the development and use of information and communication technology, and the modernisation of mobile payments to serve as management tools for public administration and public services to collect revenue more efficiently;
 - Develop high-speed ICT network to expand to urban, rural and remote areas in both quantity and quality at reasonable prices and to enable regional and international integration;
 - Establish a high-security ICT system to prevent cyber attacks and data breaches; protect personal information, and prevent all forms of data infringements and prevent harmful data;
 - Modernise and develop the electrification of postal services to provide services to the whole society, and promote a variety of new products and services to meet the needs of consumers;
 - Establish telecommunication transmission system and border connection points to support the transformation of the country into an Internet gateway between China and ASEAN.

2. Output 2: Regional and international trade and investment cooperation and integration enhanced and expanded

Regional and international cooperation and integration are increasingly necessary and important to reduce development vulnerabilities by attracting foreign investment, expanding markets and trading partners, and promoting the creation of value-added and diversified goods and services in order to ensure sustainable and long-term development after graduation from Least Developed Country (LDC) status. Therefore, it is necessary to research and develop appropriate strategies, policies and measures to mitigate impacts on trade by actively engaging in trade negotiations under existing agreements, as well as study other appropriate policies, such as the EU Generalised System of Preferences Plus.

In the next five years (2021-2025), some of the main priorities in regional and international integration that need to be addressed, such as customs and tax integration, cross-border trade,

intellectual property rights, e-commerce and the promotion of clean energy, must be linked to the improvement of enabling legislation and capacity building of competent agencies in periodic monitoring and evaluation.

2.1. Targets and Indicators:

- Increase the trade-to-GDP ratio (Openness Index) to more than 70% by 2025;
- Increase passenger transport volume in the transport connectivity network with countries in the region, via all modes of transport: road by 7% per year, waterways by 5%, air by 12%, and railway by 10%;
- Increase freight volume in the transport connectivity network with countries in the region, via all modes of transport: road by 7% per year, waterways by 5%, air by 12%, and railway by 7%;
- Increase the export value of processed industrial products by 50% in 2025.

2.2. Priority Activities:

Integration and reform of trade facilitation policies and intellectual property regulations: Implement the Law on Intellectual Property, in particular the relevant legal framework; ensure management of assets in the industrial sector, new industrial plants, as well as management of copyright and other related rights. Integrate and implement commitments under the EU-ASEAN Trade Facilitation Action Plan 2017-2022 by establishing border inspection offices to enforce measures against intellectual property infringers. In addition, integrate and implement the ASEAN Intellectual Property Rights Action Plan 2016-2025, and the Action Plan for Intellectual Property Protection of the World Intellectual Property Organisation, to which Lao PDR is a party.

Customs and tax integration: Continue to integrate tariff reduction policies and implement customs duty and tax policies within the framework of the Most-Favoured-Nation, and explore revenue from other non-tariff sources such as value-added tax and excise tax levied on trade. At the same time, explore the possibility of providing incentives for export promotion.

Improving trade facilitation mechanisms and reducing business costs: 1) Promote the use of ICT information systems in the administration, communication and technical services such as: e-Licensing, Electronic Certificate of Origin (e-CO) and e-Trade to create a more standardised and convenient information system that will enable the business sector to reduce the cost of doing business in various fields; 2) Improve the necessary legislation related to production, trade, fair competition and services in line with international standards, in particular the various regional and international trade cooperation frameworks and conventions that Lao PDR has ratified or acceded to; and 3) Improve the skills and discipline of personnel, improve service facilities to be convenient and centralised in all activities, and establish units to receive feedback and suggestions, and set up consulting kiosks to provide advice to the business sector in addressing bottlenecks and to facilitate starting a business.

Improvement and modernisation of trade: Study and develop the e-commerce system, implement the Decree on Electronic Commerce and raise awareness and understanding of the implementation of said Decree for the business community and society as a whole. Continue researching and developing the Electronic Certificate of Origin (e-CO) Issuing System to be more efficient, convenient, fast, modern, and reliable. Study and develop a system for trading One District One Product goods through a mobile application (ODOP App) that is efficient, convenient, fast, modern and reliable. Coordinate with relevant sectors to study and develop a Certificate of Authority (CA) issuing system that is efficient, convenient, fast, modern and reliable.

Improving trade environment and facilitation: Coordinate on regulations and procedures for issuing licenses and permits, and certificates for the import and export of goods to be more simplified and agile, aiming to reduce the time required for export and import formalities by at least 50% and reduce the cost and documentation requirements for exports and imports by at least 30% by 2022 in accordance with the Trade Facilitation Roadmap of Lao PDR 2017-2022. If it is found that the regulations, procedures, processing time, cost and documentation requirements for issuing licenses, permits and certificates are deemed unreasonable and duplicating, they shall be amended or eliminated. Study and improve non-tariff measures (NTMs) for imports and exports to focus on protecting the lives and health of people and animals, ensuring product safety for consumers, national security and environmental protection, such as the Sanitary and Phytosanitary (SPS) measures, the Technical Barriers to Trade (TBT) measures, and other measures in accordance with the agreements and conventions to which Lao PDR is a party. Continue to effectively implement the Trade Facilitation Secretariat's Action Plan, including the implementation of commitments and obligations under the WTO, ASEAN, Greater Mekong Sub-region (GMS) and bilateral trade agreements.

Promoting the use of clean energy: Lao PDR plays a key role in providing clean energy to neighbouring countries. The shift from gasoline and diesel- powered vehicles to electric vehicles is a promising trend. Therefore, it is necessary to ensure an adequate supply of electricity to meet such demand. In addition to hydropower generation, alternative energy sources must be explored, such as solar power, and agricultural waste and biogas to substitute hydropower when electricity generation does not meet the needs of the low water season. In order to sustain the energy sector, it is necessary to evaluate market demand trends to be in line with the electricity supply by using more prudent assessment methods to ensure profitability and sustainable energy consumption. Therefore, effective energy management measures are needed to increase economic competitiveness and reduce greenhouse gas emissions and other emissions.

Domestic transport: The Vientiane Capital State Bus Enterprise Improvement Project aims to improve public transport in Vientiane Capital to ensure that the service charges are reasonable with the aim of providing quality and broadly accessible transportation services.

Border development: Promote cooperation, trade, investment and services along the border areas related to the development of Special Economic Zones and along the Laos-China railway to attract investment in the processing industry and trade zones, focusing on the construction of facilities for freight, warehousing and loading-unloading services, trade services system, ICT and e-Commerce; and develop convenient, agile and modern cross-border markets between Laos-Viet Nam, Laos-China, Laos-Cambodia and Laos-Myanmar. Improve regulations related to temporary admission of goods and inward and outward processing to address inconsistencies in procedures, documentation, management of business units, as well as the period of validity of licenses and certifications.

3. Output 3: Robust regional and local development based on the potential of each region

Regions and localities have many different areas of potential, especially with regards to their geographical location. Many provinces share borders with neighbouring countries, which facilitates cross-border trade and cooperation, and have natural resources potential such as forests, minerals, land, good climate and water resources, as well as rich potential for historical, cultural and natural tourism that is suitable for promoting green and sustainable development. Therefore, regional and local development must be based on the potential and special features of each area by researching and identifying legislation and policies to promote post-COVID-19 economic recovery to pre-pandemic levels, especially the affected business sectors such as tourism, services and industry to

create jobs and income for the local communities. In addition, special attention must be given to water resources management and cooperation with the Lower Mekong countries. Utilise the Laos-China railway as a bridge for the economy, trade and tourism, linking with Special Economic Zones and cross-border trade in the provinces with the railway passing through as well as the provinces where the railway does not pass.

3.1. Targets and Indicators:

- Establish at least one international checkpoint for the provinces of Lao PDR bordering with foreign countries.

3.2. Priority Activities:

Northern region: Focus on production and services related to the use of the Laos-China railway for maximum benefit, in particular the development of tourism linked to nature and biodiversity conservation and green agriculture, and handicrafts related to tourism for on-site services and exports. In the area of agriculture, focus on raising large livestock, especially cattle for export to China, and growing fruit crops. In terms of industry, promote corn processing plants, rubber processing plants, and slaughterhouses for processing beef. Improve and build the necessary infrastructure to connect to the Laos-China railway, primarily roads connecting the production and tourism service areas to the Laos-China railway, the express way, dry ports, and smart cities in Luang Namtha, Oudomxay and Luang Prabang provinces; and continue to develop existing Special Economic Zones.

Central region: Focus on services, ecotourism, food production and other light industries such as food and beverage, clothing, electrical equipment, electronics, machinery, vehicles, wood processing, construction materials, handicrafts, textiles and natural dyes, wood carving, weaving looms and pottery, traditional food, and accessories and souvenirs; and continue to construct and develop the existing infrastructure in Special Economic Zones, and industrial zones and industrial estates in Vientiane Capital, Khammouane, and Savannakhet.

Southern region: Focus on agricultural production and agro-processing industries such as coffee processing, wood processing, rubber processing, vegetable oils, tea, and traditional medicine; food and beverage industry, construction materials, and mineral processing industry such as aluminium; and establish infrastructure such as industrial zones and industrial estates in Phonethong District, Champassak Province, and Attapeu Provincial Development Triangle Area, as well as ecotourism development.

4. Output 4: Urban areas and Special Economic Zones developed into production, investment, trade and tourism bases for regional and international integration

About 35% of Lao PDR's population lives in urban areas, but the pace of urban population growth is relatively fast, especially in Vientiane Capital. Therefore, proper urban planning and management can be a force for economic and social development. Dense urban living and proximity can lead to more creativity and increased productivity as scale gives rise to higher degrees of specialisation, and cities can be made more environmentally friendly. However, unplanned urbanisation and non-systematic urban management would create overcrowding and congestion, problems of sanitation, air pollution and inadequate recreational spaces. Therefore, Lao PDR shall have management actions to develop sustainable cities, as well as Special Economic Zones, to attract and promote investment, trade and tourism, aiming to create more job opportunities and income generation for the population, which would help reduce the gap between urban and rural areas. In addition, effective urban planning and development will also enhance Lao PDR's competitiveness at the international level and improve its regional and international integration efforts in the next five years.

4.1. Targets and Indicators:

+ Urban development:

- Complete the implementation of urban development projects in three cities, and four towns along the Greater Mekong Sub-region (GMS) corridor to improve the infrastructure and urban environment;
- Develop the provincial municipalities as the administrative centres, in all provinces in a systematic manner to facilitate socio-economic development of the provinces;
- Vientiane Capital, three cities and at least four towns along the Greater Mekong Sub-region corridor have landfill sites that meet sanitation standards and requirements;
- Vientiane Capital, three cities and at least four towns along the Greater Mekong Sub-region corridor have proper wastewater treatment systems;
- Garbage disposal services in Vientiane Capital, three cities and at least four towns along the Greater Mekong Sub-region corridor, covering more than 80% of general waste and infectious and hazardous wastes;
- Establish at least one model small smart city.

4.2. Priority Activities:

+ Urban development:

- Develop cities along various economic corridors, including along the Laos-China railway, in particular the development of Smart Cities in Luang Namtha, Oudomxay, Luang Prabang and Vientiane Province to serve as models for expansion to other cities.
- Focus on developing the capital city, cities and towns with economic potential in order to become centres that can support the development of other surrounding towns.
- Improve the urban environment, through creating public parks, green areas, protecting the natural landscape and protected areas in Vientiane Capital and other cities, as well as urban communities to be beautiful, green, clean, peaceful, safe and more liveable to ensure the quality of life of the people in urban areas.
- Encourage all economic sectors, both public and private, including the people to participate in the services of management, transportation and waste disposal in the cities, along with the creation of facilities for reusing and recycling in accordance with the principle of reducing the amount of waste from the source. These will be further supported through the implementation of circular economy, which has been highlighted as a key task under the 'green growth and climate action' policy directions. This sector offers economic, environmental and social opportunities if the waste is well managed within the life cycle. The high share of organic matter in the waste composition in the country provides waste-to-resource opportunities, which enables generating financial revenue from sales of the final products, while reducing negative environmental impacts.
- Continue to improve and build drainage and flood prevention systems in cities, along with the protection of protected areas, ponds, lakes, riverbanks and wetlands to ensure that cities have good ecosystems and resilience to climate change.
- Encourage and promote the reduction of air pollution through supporting the use of environmentally friendly vehicles, alternative energy for vehicles and the use of clean fuels in cooking to ensure the quality of the urban environment and the health of the people.

+ Special Economic Zone Development:

- Continue to support the development of 12 Special Economic Zones to be more effective, including improving the transportation logistics system and reviewing tax policies to ensure effective revenue collection by re-evaluating existing agreements and development plans in each zone to be in line with current conditions and global market trends to increase regional and international competitiveness.

- Improve the one-stop investment service mechanism by increasing coordination within the public sector, improving policies, mechanisms, and regulations related to investment approval to be more uniform and streamlined in order to facilitate investors.
- Continue to develop the necessary infrastructure such as roads, electricity and water supply to attract more investment.
- Increase investment attraction in the new areas along the Laos-China railway and other economic corridors, including carrying out a feasibility study on building smart cities in Natoei area, Lung Namtha Province, Namor area, Oudomxay Province, and Nongpan village, Hadsaifong District in Vientiane Capital.
- Collaborate with public and private stakeholders to develop labour skills in line with the development needs in each area; and improve and disseminate legislation and regulations related to employers and employees to raise awareness of the rights and interests of investors and workers.

5. Large-scale and Priority Projects for Outcome 5 (See details in the Annex):

1. Connectivity

- (1) Construction of three ports project (Xieng Kok, Pak Beng and Khok Chong)
- (2) Project to continue the construction of Vang Tao checkpoint
- (3) Construction of checkpoint in Vang village, Meun District, Vientiane Province
- (4) International airport construction project in Ton Pheung, Bokeo Province
- (5) Expressway construction project from Pak Hok International Checkpoint Laos-Vietnam (Tai Chang) -Oudomxay Province (Road No. 2E) connecting Luang Prabang-Boten expressway (New project)
- (6) Expressway construction project from Lan Touy International Checkpoint (Laos-China) – Bountai District, Phongsaly Province – Namor District, Oudomxay Province (or to Natoei area, Luang Namtha Province) (New project)
- (7) 5th Friendship Bridge construction project (Paksan-Buengkan)
- (8) Project to construct a bridge crossing the Mekong River in Chomphet District, Luang Prabang Province
- (9) 6th Friendship Bridge construction project (Saravan-Ubon)
- (10) Construction of the 2nd bridge across the Mekong River on the north and south sides of the Pakse-Phonethong (New project)
- (11) Ton Pheung Port Development and Services Project with an initial investment of USD 50 million (New project)
- (12) Construction of double-layer asphalt paved road bypassing Pakse city and construction of the new Sedone bridge (New project)
- (13) Road No. 12 construction project (New project)
- (14) Vang Vieng-Luang Prabang expressway construction project (New project)
- (15) Luang Prabang-Oudomxay expressway construction project (New project)
- (16) Oudomxay-Boten expressway construction project (New project)
- (17) Boten, Luang Namtha-Houayxai, Bokeo expressway construction project (New project)
- (18) Natoei dry port development project (Luang Namtha Province)
- (19) Km 20 dry port development project (Bolikhambxay Province)
- (20) Huay Xai dry port development project (Bokeo Province)
- (21) Luang Prabang dry port development project (Luang Prabang Province)
- (22) Oudomxay dry port development project (Oudomxay Province)
- (23) Phase 2 Bridge-Road Project (World Bank) (Ongoing project)
- (24) Promoting Cross-Border Financial Transactions in the ASEAN+3 Region Project (ADB) (New project)
- (25) Bridge management and maintenance capacity development project (JICA)

- (26) Project for Technical Support for Continuous Improvement of Vientiane International Airport (JICA)

2. Trade integration and cooperation

- (1) Project to promote bilateral trade negotiations
- (2) Trade dialogue promotion in ASEAN (AEC) and World Health Organisation (WHO)
- (3) Sub-regional cooperation promotion project
- (4) Project to promote the integration of standards and quality of industrial products and production networks into regional and international systems
- (5) Export promotion negotiations project
- (6) Project to promote and develop cross-border trade and trade services related to logistics in the era of integration and connectivity
- (7) Promoting the use of modern technology for quality infrastructure investment planning and monitoring (ADB) (Ongoing project)
- (8) CLV Cooperation Framework (Ongoing project)
- (9) REDD + Project (JICA) (Ongoing Project)

3. Urban development

- (1) Project for capacity development on urban development control and promotion (JICA)
- (2) Wastewater and solid waste treatment promotion project to improve the urban environment (Vientiane Capital and Pakse) (Ongoing project)
- (3) Vientiane Capital central bus station construction project (Ongoing project)
- (4) Project to continue new town development in Vientiane Provincial municipality
- (5) Project to build Mekong riverside tourist attraction as a continuous walkway and build the Vientiane canal as a multi-hour tourist attraction in Vientiane Capital (New project)

4. Development of Special Economic Zones

- (1) AMATA Smart City modern urban development project in Luang Namtha and Oudomxay Provinces
- (2) Smart City construction project in Nongpan Village, Naxaithong District, Vientiane Capital
- (3) Inland Container Depot (ICD) development project in Vientiane Saysettha Comprehensive Development Zone
- (4) Thabok dry port construction project in Vang Tao-Phonethong area, Champassak Province

5. Development and application of ICT innovations

- (1) Project for the improvement of the online ICT licensing system to provide services nationwide
- (2) Project for improving the inspection of ICT equipment standards
- (3) ICT services inspection project
- (4) Digital park / ICT park development project in Vientiane Capital
- (5) Innovation development and digital consulting centre development project
- (6) Digital camp project
- (7) Digital index development project
- (8) Free public Wifi project

6. Development of telecommunication, ICT and digital infrastructure

- (1) IPv6 technical upgrade and trial project with local and international Internet service providers
- (2) Technical and security improvement project for the national Internet service code management system (.LA) and Lao

- (3) Feasibility study and construction of a national internet backup centre project
- (4) Project to establish a backup registry system at the national Internet backup centres in the Northern and Southern regions
- (5) Project to improve the web hosting system to increase security and ability to accommodate the growth of users
- (6) Project to improve the colocation system to be able to accommodate consumption growth
- (7) Cloud system extension project to support modernisation
- (8) Project to establish the National Data Exchange Centre for the public sector
- (9) Government network improvement and expansion project
- (10) Project to develop high-speed information network to reduce poverty and support the digital Silk Road Economic Belt
- (11) High-speed Internet centre infrastructure development project connecting the Sub-region (CLMV)
- (12) Project to establish connection points for the inbound and outbound telecommunication transmission system
- (13) Procurement and installation of the electricity system for Dongphosy information backup centre
- (14) Project to improve the Dongphosy centre to become a backup centre
- (15) Project to study the market share structure and define the telecommunications market along with promoting fair competition.

Outcome 6: Public governance and administration is improved, and society is equal, fair, and protected by the rule of law

The Government of Lao PDR continues to improve public governance and administration towards the goal of becoming an efficient and effective rule of law state. This is key to enhancing public sector capacity, especially to respond to the increasing needs and challenges resulting from COVID-19, opportunities and risks from increasing regional and international investment and economic integration. At the same time, the Government also needs to increase the efficiency of coordination and provision of public services.

1. Output 1: Enhanced efficiency of public governance and administration and deepened implementation of the Sam Sang Directive

1.1. Targets and Indicators:

- Modernise public administration and improve public services by implementing an e-Government system;
- Public administration organisational structure at all levels is harmonised with the Sam Sang Directive, aiming to increase the proportion of streamlined ministerial departments and divisions to 20% of the total, and increase the proportion of streamlined sections, units and sub-units at the local administrative level to 30% of the total;
- Develop at least eight municipalities/cities as local urban administrative authorities;
- Public services under the One-Door service mechanism are improved, and people receive convenient, prompt and transparent services;
- Transform provinces into strategic units according to the seven areas (Party and personnel building; public governance and administration governed by effective law; strategic economic growth and strengthening the potential within the locality; national finances; effective management, exploration and use of natural resources, infrastructure and technical equipment; socio-cultural and human resource management; and strong national defence and public security) in at least 2/3, equivalent to 66.66% or more than 11 provinces of the total number of provinces, build districts as comprehensively competent units in 1/3 of the total number of districts, and build villages as development units in 2/3, equivalent to more than 66.66% or more than 5,575 villages of the total number of villages;
- All Lao citizens and 70% or more of new-borns are registered and have an official birth certificate;
- Administration within government organisations, at the central and local levels, uses digital systems;
- Transform 50% of all essential public services of the Party and the State into online services in order to improve the index level of each indicator related to e-Government and ICT development;
- Enhance the development of the digital economy by establishing two big data centres, and internet connection passage using the Laos-China railway infrastructure and the national power transmission lines;
- Create one digital Special Economic Zone to attract foreign investment.

1.2. Priority Activities:

- Reform the public administration system and civil service management regulations to simplify and improve consistency
- Redefine the mandates and duties of some ministries and agencies more clearly to avoid duplication and overlap.
- Improve the ministries and equivalent Government agencies to be more streamlined, modern, and able to operate efficiently, effectively and smoothly by merging, dissolving, consolidating, and separating some ministries to reflect current context.

- Improve the organisational structure in accordance with the assigned mandates, define positions to suit the required specialisation, in line with the actual tasks, as well as ensure recruitment of civil servants in accordance with the job descriptions, professions and conditions specified. Train and develop civil servants and staff according to administrative and positions, technical positions, by type, specialisation, and with regular and up-to-date performance appraisal; and carry out exams to assess the level for the position, and specific evaluations before the appointment of a new position or transfer to a new position.
- Improve and clarify in more detail the division of administrative management levels related to personnel management between the central and local levels based on the key performance indicators (KPIs) under the responsibility of the State Audit Institution to enable a clear mapping of responsibilities, bottlenecks, and progress.
- Define administrative areas clearly by designating local administrative areas between urban and rural areas to enable concerned entities to carry out their roles in accordance with the actual situation in each area.
- Establish the Sam Sang Directive work as a regular work of sectors and local administrations nationwide by assigning authority and responsibility to localities at each level in the decision-making process under a clear regulatory and legal framework.
- Improve the framework for monitoring and evaluating national indicators, leading to the 10th Five-Year Plan, develop stronger coordination between the SDG secretariat and SDG focal points, including increasing the accountability of concerned sectors in managing related data and indicators.

2. Output 2: Improved and harmonised coordination mechanisms and regulations within the public sector to increase efficiency

Improve the capacity of public services to meet the increasing needs of society, trade volume and investment and challenges arising at the regional and international level; improve the One-Door Service mechanism to be more efficient and effective.

2.1. Targets and Indicators:

- Improve the mandates, responsibilities, scope of rights and division of management levels of technical sectors, such as natural resources and environment, energy and mines, public works and transport, agriculture and forestry, industry and commerce, education and sports, and health;
- Mechanisms and regulations for coordination between the central and local levels to be improved according to the Sam Sang Directive in at least 50% of the total number of ministries and organisations;
- Clearly assign management functions and responsibilities between the central and local levels, between the provinces and districts, and between the districts and grass-roots administrative units in line with the actual conditions to be completed in more than 80% of all ministries, organisations, provinces and districts;
- Establish 15 One-Door-Service Centres (ODSCs) at the local level (an increase from 43 ODSCs in 2019 to 58 ODSCs in 2025).

2.2. Priority Activities:

- Improve the coordination mechanism between the sectors, ensuring that there is no overlap between the central, provincial and district levels, and to be in line with the actual work in accordance with the Sam Sang Directive and the Law on Local Administration. Issue additional legislation and regulations to further clarify the roles and responsibilities of each organisation.
- Improve the coordination and communication mechanisms of the public sector to be agile, efficient, and secure by using the public sector communication system.

- Strengthen the technical capacities, qualifications and expertise of staff in line with roles and responsibilities to maximise existing human resources potential.
- Improve the technical units with technical characteristics within the sector and support them to gradually achieve financial self-sufficiency, including by experimenting this approach in a certain field first.
- Develop and improve regulations to be more consistent and relevant, and conduct regular and continuous evaluation of implementation.
- Improve the implementation of the One-Door Service mechanism to be more consistent and able to provide faster services by encouraging sectors and localities to integrate their work into the system or the One-Door Service Centres at the provincial and district levels;
- Establish more One-Door Service Centres at the provincial and district levels to reach as many service users as possible to align with the Sam Sang Directive and the Law on Local Administration.
- Increase the digital transformation (e-Governance) in the implementation of the work of sectors and localities and public services to enhance efficiency, accountability, transparency, and public access.
- Create opportunities for people to provide feedback on public services by conducting an Innovative Service Users Feedback Survey in order to provide important information on how to gradually improve services.

3. Output 3: Ensure political stability, peace and order, unity, democracy, justice and civilisation within the society

3.1. Targets and Indicators:

- Provide modern tools and equipment necessary for the People's Supreme Court, investigative-interrogative agencies, the Office of the Supreme People's Prosecutor, and judgement enforcement agencies across the country; the Office of the Supreme People's Prosecutor to issue 95% of statements; the People's Supreme Court to achieve 85% of court decisions-judgments, in accordance with the law and in line with particular circumstances; and achieve 80% implementation rate of previously pending court judgements and new court judgements, of which 20% court judgments that have been implemented and closed;
- Declare 7,400 Model Villages for compliance with the law;
- Develop a system of training in law and justice for staff and students who have graduated from law school to become judges, prosecutors and lawyers, of about 100 people per year.
- Provide legal services through the legal aid offices throughout the country to 200,000 people, and provide services through the Village Mediation Units across the country to reduce the number of cases to less than 15,000 cases.

3.2. Priority Activities:

- Develop strong and effective rule of law, focusing on developing and improving laws and subordinate legislations in a systematic and comprehensive manner and in line with the actual situation; improve law dissemination via different means in line with the actual conditions of the target audience; and create awareness of respect for the law by the people, and engage the public in the dissemination of laws.
- Continue to coordinate with relevant parties in the implementation of various international obligations such as the recommendations accepted by the Government under Universal Periodic Review (UPR) and human rights instruments ratified by the Lao PDR.
- Increase efforts to promote and disseminate laws, including the penal and civil codes, among relevant stakeholders and the people via different means and channels.
- Develop a new Master Plan on Development of the Rule of Law to guide and advance the development of Lao PDR's legal and justice sector, including the judiciaries and prosecutors.
- Provide capacity building for justice experts, judges, prosecutors and lawyers to increase efficiency and improve access to the justice process.

- Strengthen the role of the National Assembly and Provincial People's Assemblies in improving and adopting legislation, monitoring the implementation of socio-economic development plans, including the implementation of the SDGs through improved coordination of SDG focal points and the SDG secretariat.
- Strengthen the capacity of law enforcement agencies to be able to work more effectively with regional and international counterparts.
- Improve the management of border areas, ensure measures for systematic migration; combat transnational crime, and increase the capacity of border officials.
- Develop the quality of legal services, especially the accurate and timely enforcement of court judgments; strengthen the local public Notary Offices to be able to meet the needs of society; improve the Economic Dispute Resolution Office to be a strong organisation capable of supporting socio-economic growth and building trust; and strengthen the Lao Bar Association to be able to provide quality assistance and services to clients.
- Improve and create conditions to increase people's access to legal aid services and access to justice more generally.
- Promote the participation of civil society organisations in contributing to socio-economic development.
- Build national unity, advocate and disseminate the Party and State policies and guidelines, and the revolutionary heritage on important national days and events.
- Build the necessary infrastructure to serve national defence and public security.
- Continue to implement the work of building political foundations at the central and local levels, strengthening political ideology, and promoting patriotic tradition and development with ownership among the entire population.
- Combat negative social phenomena, such as robbery, theft and road accidents.
- Develop and improve legislation, guidelines, and curricula, among others to provide basis for implementing anti-human trafficking work.
- Conduct awareness-raising via different means throughout society, especially among women, children and vulnerable groups to recognise the risks of trafficking-in-persons, to build a sense of self-defence and to take part in the fight against human trafficking.
- Create and update information databases and statistics on cases, and coordinate and exchange information related to human trafficking in a systematic manner.
- Intensify efforts to fight against all forms of trafficking-in-persons by increasing access to the social protection system, such as social funds specifically for victims or survivors of human trafficking; and combat drug trafficking and wildlife smuggling, among others, which negatively affect the development and security of the country.
- Support the Lao Bar Association to provide quality services to clients and train a new generation of legal professionals in collaboration with universities and law firms.
- Improve legal aid services for vulnerable groups, such as women who have been sexually abused, children, ethnic minorities, and people with disabilities.
- Develop e-Justice tools to improve access to social justice processes.

4. Large-Scale and Priority Projects for Outcome 6 (See details in the Annex):

1. Public administration and legal capacity building

- (1) Public administration improvement project to promote participatory development (Switzerland) (Ongoing project)
- (2) Strategic Support to Achieve SDG 5 (Gender Equality) (UNDP) (Ongoing project)
- (3) Enhancing People's Participation through Community Radio (UNDP) (Ongoing project)
- (4) Strategic Support to Enhancing the Role of the National Assembly and the Provincial People's Assemblies (UNDP) (Ongoing project)
- (5) Project to build capacity and upgrade the Training Institute to a State Audit Educational Institution

- (6) Project for developing and strengthening the Rule of Law in the legal sector (JICA)

2. Commerce management

- (1) Project for the promotion and development of experts and researchers in the field of development and promotion of industry and commerce
- (2) Project for scientific research and development of the Commerce College
- (3) Project to improve and develop enterprises in the industrial and commercial sectors
- (4) Project to promote the services of the National Chamber of Commerce and Industry

3. Developing a modern public administration system

- (1) Project to improve and develop the government data exchange system to facilitate sharing and integration of government data
- (2) Government information centre (G-Cloud) improvement and integration project
- (3) Project to improve and develop the internal network and ICT systems of the Ministry of Post and Telecommunications to be a model for a modernised Ministry
- (4) Project to improve and expand the video conference system at the central and local levels
- (5) Project to improve and expand the government email system at the central and local levels
- (6) Project to establish an electronic information centre in the provinces
- (7) Project to develop, improve and maintain the e-Office system
- (8) Project to develop and expand the use of e-Office system in ministries and government offices across the country
- (9) Project to develop the Lao language file system (Phetsarath Office) and the system for file storage and sharing on government cloud storage (G-Share, G-Drive)
- (10) Project to modernise public service system with digital transformation (e-Services and Single Sign-On) at the central and local levels
- (11) Project to develop and expand the use of the government messaging application (G-Chat)
- (12) Project to expand the use of G-Web Platform across the public sector at the central and local levels
- (13) Government Open Data Platform integrated development project
- (14) E-gov security and anti-virus project
- (15) Project to study and develop a Smart City model using electronic public administration system
- (16) Project to develop and establish a public sector reporting system (Dashboard) towards digitalisation via mobile phones
- (17) Project to develop Lao Fonts and electronic Lao Font directory
- (18) Project to improve the e-Government Development Index
- (19) Public sector e-Signature (CA) development and expansion project
- (20) Project to study the use of Blockchain technology in government work.

4. Statistics

- (1) National survey and data collection project to support the monitoring of the National Socio-Economic Development Plan

PART III:

IMPLEMENTATION MEASURES AND MECHANISMS FOR THE 9TH FIVE- YEAR NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN (2021-2025)

Near Final Draft

PART III: IMPLEMENTATION MEASURES AND MECHANISMS FOR THE 9TH FIVE-YEAR NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN (2021-2025)

I. MEASURES FOR THE IMPLEMENTATION OF THE 9TH FIVE-YEAR NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN (2021-2025)

In order for the implementation of this Five-Year National Socio-Economic Development Plan to be effective, efficient and as successful as planned, emphasis and focus must be placed on proactively implementing the Four Breakthroughs namely: breakthrough in creativity, breakthrough in human resource development, breakthrough in improving administrative and regulatory mechanisms, and breakthrough in poverty alleviation by further optimising all sources of funding and putting in place special promotion policies to build a well-targeted socio-economic infrastructure. Moreover, it is also important to focus efforts on implementing key measures as follows:

1. Strengthening macroeconomic management to be sustainable and diversified

- Addressing economic and financial difficulties, including through austerity and anti-extravagance measures and action against narcotic drugs abuse, as a national agenda in order for the entire state, the entire armed forces and the entire Lao people to take responsibility and ownership of the implementation process in a comprehensive manner.
- Ensure continuous and quality economic growth to create fiscal space in the state's financial and budget systems.
- Carry out reforms to create fiscal space in the state financial and budget systems by conducting an accurate base assessment, improving the system for collecting all budget revenues in accordance with the law, managing revenue and expenditure budget with modern tools, implementing measures to ensure the use of a uniform accounting system, exploring a number of new different types of revenue base such as urban property tax, environmental tax, and so on. At the same time, expand the revenue base by promoting SMEs to be a driving force for development, aiming to encourage entrepreneurs and business units to become more involved in the formal economy.
- Continue to improve control of expenditures, ensuring frugality and avoiding unnecessary and wasteful spending; and manage procurement in accordance with the law and strictly follow financial discipline.
- Improve financial services to be convenient, fast, secure and transparent by using modern ICT tools.
- Manage public debt in accordance with the Public Debt Management Law and focus on concessional loans.
- Improve and strengthen SOEs by shifting to public-private partnership;
- Implement a prudent monetary and exchange rate policy according to market mechanisms and government adjustments, reduce the use of foreign currency, and set policies to encourage exporters to transfer and send money through the banking system.

- Manage the non-performing loan (NPL) ratio of the banking system to not exceed 3% of the total credit balance and implement strict and effective debt collection measures.
- Continue to use the macroeconomic unit and debt management unit mechanism at the central level to carry out normal activities to monitor the macroeconomic situation, and set policies and corrective measures in a timely manner.
- Establish a mechanism to mobilise domestic capital to accumulate funds for the construction of the necessary public infrastructure. Mobilise the domestic and foreign private sector to invest in the form of public-private partnership (PPP) in infrastructure to support economic integration and connectivity.
- Create an enabling environment to attract private investment with a variety of incentives, along with improving and enforcing regulations effectively.
- Encourage and promote targeted and effective investment in high potential national and local sectors.
- Strengthen domestic production and services in a targeted manner according to the potential of each locality by promoting the use of Lao products and increasing exports to reduce trade deficit.
- Implement the government's Three Opens policy (open mind, open door and open (to removing) barriers).
- Carry out industrialisation and modernisation in agriculture and forestry, banking, telecommunications, transport and transit services to increase the efficiency and effectiveness of production and facilitation of investment, trade, and tourism.
- Establish economic relations between sectors and localities such as integrated tourism enterprises and agricultural processing enterprises.

2. Development of Human Resources and the Labour Force

- Increase funding for human resource development, from early childhood education to university education and technical and vocational education and training, aiming to build the quality of teaching and learning, and improving the curriculum to be relevant, especially preparing human resources to be competitive in the era of Industry 4.0 and digital development.
- Develop plans to utilise the potential of young people by researching and identifying priority sectors to focus investment on those areas, such as training courses that encourage students to have complex problem-solving skills, leadership skills, time management skills and creative ideas, which are needed skills in the future.
- Transform the imagination of human resources, particularly to have a sense of responsibility at work, and self-learning, among other things to fully contribute to socio-economic development.
- Ensure improved nutrition, safe drinking water, sanitation, life expectancy, and reduced maternal and under-five mortality.
- Undertake long-term planning on population dynamics and trends to be prepared as Lao PDR becomes an aged society by 2059.
- Increase investment in early childhood education to ensure that children during the first 1,000 days of life, which is the most important period of cognitive development, receive education and complete nutrition.
- Develop plans to build foreign language skills for the next generation of young people to have a good knowledge and level of foreign language skills.
- Increase environmental-related learning through hands-on learning and practice, aimed at raising students' awareness of their connection to nature from an early age.
- Create a balance between the demand and capacity building of the labour force for socio-economic development.

3. Promoting Well-being and a Prosperous and Just Society

- Increase the mobilisation of investment from all sectors of the economy into rural development and poverty alleviation.
- Continue to reduce poverty, gender inequality, disparities between rural and urban areas and between the rich and poor, particularly inequality in income distribution and consumption (Gini coefficient), and increase the proportion of women in the labour force.
- Continue to address unexploded ordnance, aiming to reduce casualties and prevent future accidents.
- Strengthen the implementation of the National Social Protection Strategy and the National Rural Employment Strategy.
- Protect the rights and welfare of children, reduce and combat all forms of child abuse, and encourage children to be more involved and share their voices in the development process;
- Provide welfare policy to care for the elderly and people with disabilities and encourage them to participate more in society, build infrastructure to accommodate people with disabilities; and provide social assistance and physical therapy for people with disabilities;
- Ensure an effective social protection system for equitable social welfare throughout the life cycle.
- Increase social safety, orderly traffic, and strengthen hotlines, emergency response and surveillance cameras.
- Increase coordination between the agriculture and forestry, industry and commerce sectors and relevant stakeholders at the central and local levels.
- Provide adequate technical and budget support to boost the monitoring of agriculture and animal husbandry, and establish production groups and cooperatives according to the comparative advantages of each locality.

4. Environmental Protection and Risk Reduction

- Raise awareness so that everyone can protect the environment and use natural resources sustainably;
- Strengthen the role of natural resource and environmental management, ensure effective implementation of mechanisms and legislation, and promote contribution to green development and sustainable ;
- Increase reporting of weather, climate and flood conditions, as well as early warning of specific weather events to enhance rescue capabilities, mitigate the impact and ensure recovery from natural disasters;
- Promote the circular economy model to reduce reliance on the natural resource sectors and reduce environmental degradation, including reducing solid waste and other wastes, reducing air pollution, water pollution, and noise pollution, and promoting significant waste management and recycling;
- Promote reduction of greenhouse gas emissions in accordance with Nationally Determined Contributions (NDC). Enhance resilience and mitigate the effects of climate change;
- Continue efforts to increase forest cover and rehabilitate forests, particularly biodiversity that is at risk of extinction.

5. Building Resilient Infrastructure to Enhance Connectivity and Integration at All Levels

- Enhance regional and international cooperation, connectivity and integration, particularly trade and export cooperation to promote production and exports, with innovative ideas to bring the market (including online) to remote producers;
- Build a network of national roads, railways, waterways and airways with many different routes and quality to promote connectivity with productive regional markets and larger markets;
- Promote sustainable energy sector infrastructure, and optimise the potential of the energy sector to be able to meet the needs of domestic consumption. At the same time, it is necessary to study and explore other energy-intensive industries to avoid oversupply of energy, such as the use of electric vehicles in the future to reduce fossil fuel consumption and promote electricity consumption;
- Increase irrigated areas that are able to produce all year round;
- Integrate urban planning into the early stages of cities' and towns' development, and ensure the creation of modern urban residential areas (including safe and accessible housing) to reduce urban congestion caused by rural-to-urban migration;
- Employ modern IT tools to facilitate access to and management of certain types of infrastructure, such as mobile applications for bus scheduling and bus ticket payments;
- Strengthen and enhance cooperation with ASEAN countries and other friendly countries in the world and international organisations in accordance with the foreign policy of peace, independence, friendship and cooperation in order to strengthen socio-economic development, and take ownership in implementing, monitoring and evaluating aid effectively.

6. Improving Public Governance and Administration

- Enhance solidarity and unity, involving everyone in society in the development process, using online channels to gather opinions on improving innovative public services;
- Continue to improve and reduce shortcomings in an effort to move the country's level on the Corruption Perceptions Index to a better level by 2025.
- Ensure a clear and appropriate allocation of funds for the ICT sector and research and development.
- Raise the capacity of personnel and improve the public service sector's concept and correct understanding of providing services to the public in order to build public trust in the public sector.
- Study the feasibility of using ICT tools to conduct transactions in various sectors in order to save time and increase efficiency and trackability.
- Improve the efficiency of public administration and coordination between the central and local levels, and improve public services to be more auditable and transparent.
- Continue to cooperate with development partners in the implementation of the Vientiane Declaration on Aid Effectiveness in line with national priorities.
- Enhance coordination between all levels of government, People's Assembly, and the legal and justice sector in accordance with their respective mandates and responsibilities.
- Raise public awareness of respect for and ownership of strict implementation of laws and regulations.
- Improve and establish a comprehensive system of laws and legislation as a tool for effective public administration.
- Raise political responsibility at all levels in the implementation of their rights and duties, as well as strengthen strict inspection and enforcement of laws.
- Combat and address corruption at all levels.

- Improve the statistical information system to serve the formulation, monitoring, evaluation and summary of reports on the implementation of socio-economic development plans, as well as to ensure that there is budget to support systematic monitoring.
- Continue to encourage the work of national defence and public security as the responsibility of the entire people in a more vigorous manner in order to maintain political stability, peace and security in the society.
- Sectors and local authorities must take the lead in monitoring, inspecting and evaluating the implementation of the 9th Five-Year National Socio-Economic Development Plan (2021-2025) in accordance with their rights, duties and scope of responsibilities.

II. MECHANISMS FOR THE IMPLEMENTATION OF THE 9TH FIVE-YEAR NATIONAL SOCIO-ECONOMIC DEVELOPMENT PLAN (2021-2025)

- The Government issues the Implementation Decree. The Ministry of Planning and Investment issues technical guidelines and acts as the central agency in coordinating with the central and local levels on the implementation and translation of the 9th Five-Year Plan into detailed work plans, with maximum efficiency and effectiveness.
- Ministers, Provincial Governors and the Mayor of Vientiane Capital must increase their responsibilities in translating the Plan Targets and Outputs into detailed actions according to their respective responsibilities, ensuring consistency between planning, budgeting, and staffing, and in accordance with the Sam Sang Directive management mechanisms from the central to the local level, in order to facilitate and enable successful and effective implementation.
- Increase the coordination within the public sector (vertical and horizontal coordination) and between the public and private sectors on the implementation and monitoring of socio-economic development plans.
- Strengthen the coordination mechanism for building, developing and upgrading labour skills between the Ministry of Education and Sports, the Ministry of Labour and Social Welfare and the Lao National Chamber of Commerce and Industry in order to move towards enhanced production and business operations, employment, and income generation for society as well as to respond to the labour market in a more targeted manner and with more quality.
- Strengthen the role of all public and private organisations, the Front, mass organisations, the people, civil society organisations, and domestic and foreign investors, to participate in the successful implementation of the National Socio-Economic Development Plan.
- The Ministry of Planning and Investment, in collaboration with all sectors and localities, monitors and evaluates the implementation periodically in accordance with the Five-Year Plan objectives and reports on the status of the implementation of development plans in each period by using and managing the Monitoring and Evaluation framework efficiently and effectively.

III. DELEGATION OF RESPONSIBILITIES TO THE SECTORS AND LOCALITIES

1) The Ministry of Finance shall urgently modernise the management of revenue and expenditure collection to be more timely and comprehensive; implement measures for business units to use a uniform accounting system and to participate in the Value Added Tax system in order to

increase budget revenue; consider the transformation of inefficient State-Owned Enterprises into other forms of ownership; and collaborate with relevant parties to resolve economic and financial difficulties by setting it as a national agenda.

2) The Bank of Lao PDR shall continue to manage and maintain monetary stability within the framework of the plan, encourage and create favourable conditions for sources of financing to promote effective production and services in line with the Government's priority goals, strengthening the domestic production base and generating revenue for the country; strengthen the management of commercial banks and non-bank financial institutions to operate strictly in accordance with laws and regulations along with continuing to support the effective implementation of appropriate measures and policies for those affected by COVID-19, while ensuring the stability of the financial system in the medium to long term, and collaborating with the Lao Statistics Bureau to ensure the quality and timeliness of the information required for national monetary stability.

3) The Ministry of Planning and Investment shall continue to coordinate with the relevant sectors to improve the regulations and mechanisms for doing business and issuing investment and business licenses effectively in accordance with the Prime Minister's Orders No. 2 and No. 3, encourage and attract more domestic and foreign private investment in compliance with the Law on Investment Promotion, and continue to promote investment in Special Economic Zones.

4) The Ministry of Industry and Commerce, in collaboration with the relevant parties, shall identify markets and products according to the needs of the domestic market and export items, as a basis for the relevant parties to create production plans to meet those needs; and determine, monitor and manage the prices of goods, especially consumer goods, in order to prevent a rise in the cost of living.

5) The Ministry of Agriculture and Forestry and the Ministry of Industry and Commerce are responsible for promoting the production sectors for domestic consumption and for export, particularly the production of marketable products, including quotas received from China such as rice, livestock and a number of crops in order to plan production or aspiring production projects to be able to meet market demand;

6) The Ministry of Information, Culture and Tourism shall focus on advertising campaigns and the promotion of Lao tourism to stimulate the economy, encourage and guide tourism business units to improve tourist attractions and accommodation and restaurant services to be of high quality and diversity; collaborate with stakeholders at all levels to disseminate measures to prevent, control and address the COVID-19 outbreak; and encourage and upgrade the "Lao Thiao Lao" and "Made in Laos" campaigns.

7) The Ministry of Education and Sports is in charge of implementing the National Human Resource Development Strategy and priority activities of the Education and Sports Development Plan to improve the quality of human resources, focusing on improving the quality of teaching and learning curriculum at all levels, as well as providing necessary equipment, tools and policies to teachers and students, especially in remote areas.

8) The Ministry of Health shall increase the management, monitoring, inspection and support of the regular and timely implementation of measures to prevent and address the outbreak of COVID-19; and continue to pay attention to expanding the healthcare network to remote areas, along with enhancing the quality and ethics of medical personnel.

9) The Ministry of Labour and Social Welfare, in coordination with the Ministry of Education and Sports, Lao Youth Union and Lao Women's Union, shall improve the coordination mechanisms for skills development and training to be consistent and in line with market needs, as well as coordinate with Special Economic Zones, private sector investment projects and other sectors to identify labour needs; improve training curricula to meet international standards; and focus on addressing the issue of unemployment, especially workers returning from abroad.

10) The Ministry of Natural Resources and Environment shall enhance responsibility and ownership in the implementation of legislation on natural resource management and environmental protection; and ensure systematic monitoring and reporting on the situation of climate change so

that society and the people are informed and prepared to respond to the effects of natural disasters in a timely manner.

11) All sectors and localities shall take ownership and responsibility to research and plan production and services according to their respective potentials in order to effectively utilise the expressways and Laos-China railway along the various economic corridors; and coordinate harmoniously on the implementation of regional development plans to build effective and targeted economic relationships that are not overlapping but mutually supportive.

IV. MONITORING AND EVALUATION

- The Ministry of Planning and Investment, as the central agency for coordinating with all parties, is responsible for managing, monitoring and evaluating the implementation of the 9th Five-Year Plan, in particular the Outcomes at the national level.
- Sectors and localities shall monitor the progress of the implementation of the Outputs, Priority Activities and cross-sectoral issues that are related to their respective sectors and report to the Ministry of Planning and Investment periodically through the implementation of their annual workplans.
- The Ministry of Planning and Investment is responsible for providing general guidance on monitoring and evaluation by (i) compiling indicators, baseline data and targets at the outcome level specified in the Plan; (ii) coordinating with sectors and localities to compile information on the Outputs and Priority Activities of each sector to help achieve national outcomes; (iii) providing guidance to sectors in identifying key indicators, baseline data and targets that are important to the achievement of the Plan; (iv) monitoring and evaluating the implementation at the national outcome level and reporting on the implementation progress; and (v) applying the results of monitoring and evaluation of the implementation of the Plan in periodic planning.

ANNEXES

Near Final Draft