

# Development Strategy and Socio-economic Development Framework of Laos

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Policy Design and Implementation for Developing  
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# Outline of presentation

- Laos' snapshot
- Development Strategy and Framework
  - Long-term Strategy
  - Medium-term Development Plan
  - Cooperation Framework with Development Partners (DPs)
- Challenges for Development
- Concluding remarks

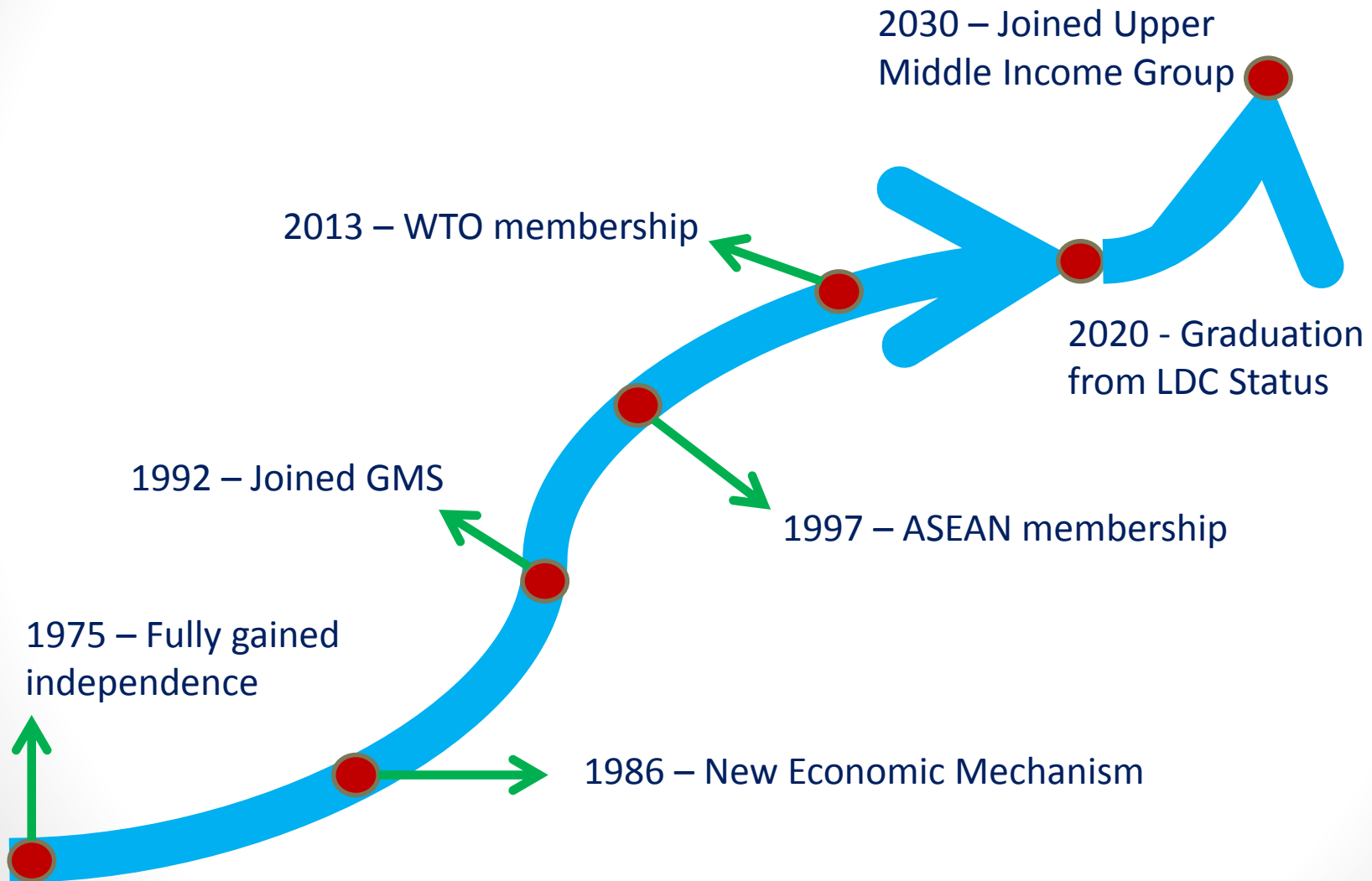
# Laos' snapshot

# Lao PDR at a glance

- Only land-locked country bordering with China, Myanmar, Vietnam, Thailand and Cambodia
- Total area: 236,800 km<sup>2</sup>
- Population: 6.8 million (2013)
- Pop density: 26/km<sup>2</sup>
- GDP: USD11.2 billion (2013)
- GDP per capita: USD1,646 (2013)
- Average growth rate: 7.5-8% (2010-2013)
- Top 3 export products:
  - Mining
  - Hydro-electricity
  - Agriculture and garment

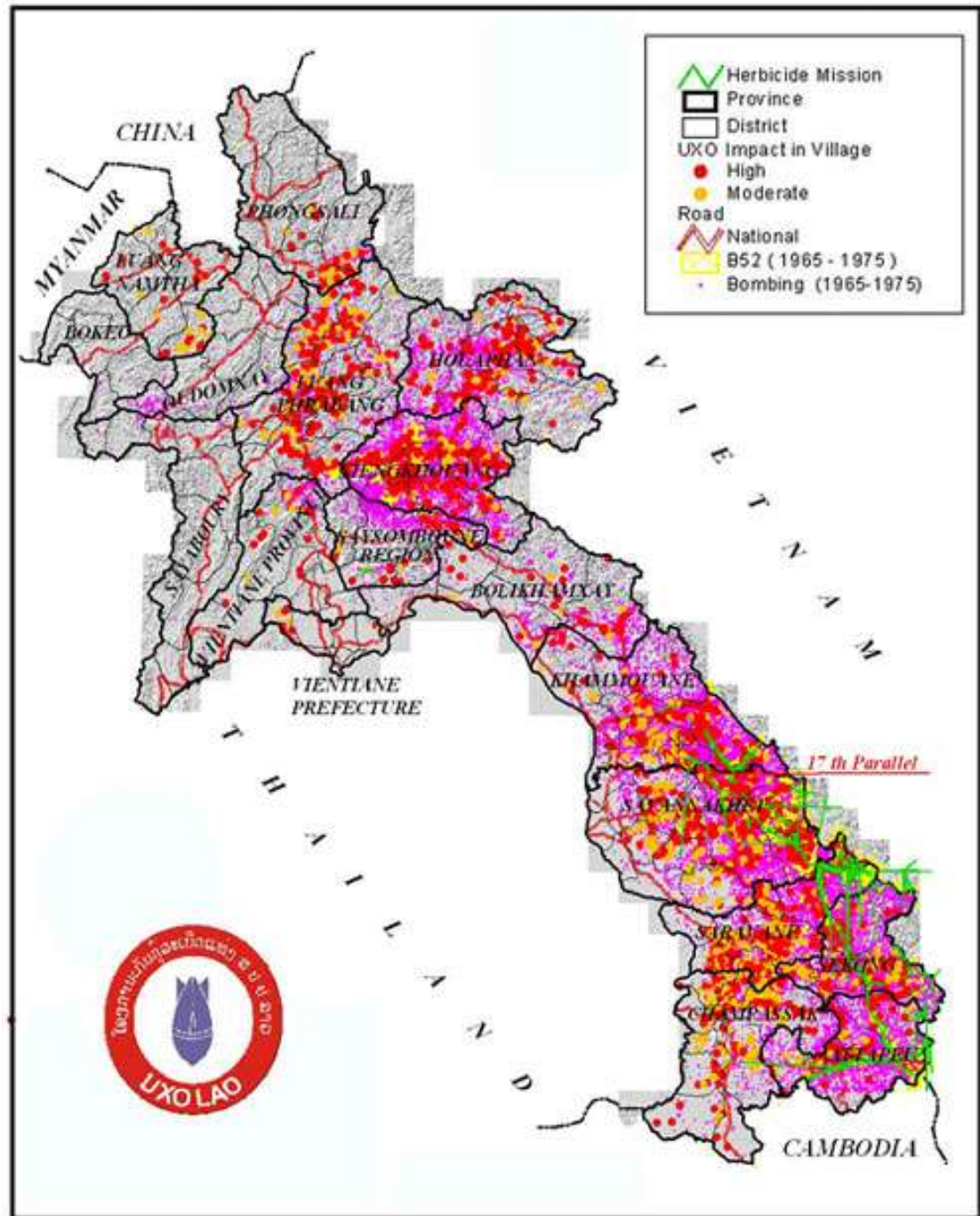


# A summary of Lao PDR's development road since 1975 and Vision ahead





# Map 1: Unexploded Ordinance (UXO) Map



# Development Strategy and Framework



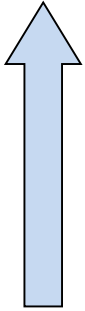
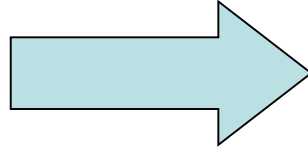
# Lao National Strategic Framework

## National Programs

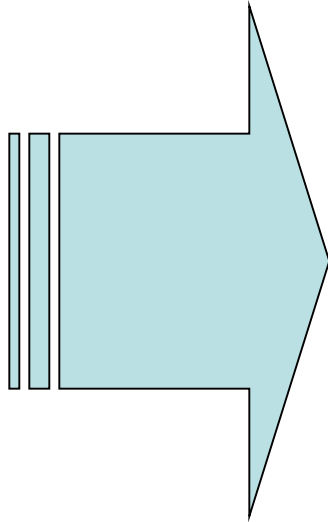
11 National Priority Programs

4 Break Through Guidelines

2020 Vision



Resolution of 7<sup>th</sup>, 8<sup>th</sup> & 9<sup>th</sup>  
Party Congresses



## National Strategy

Development Strategy for 2010 and 2020

Industrialization and Modernization Strategy  
2001-2020

National Growth and Poverty Eradication  
Strategy

Etc.

## Development Master Plan

National Development Master Plan

Regional Development Master Plan

Sectoral Development Master Plan

Provincial Development Master Plan

## Medium Term Development

National 5-Year Socioeconomic Development  
Plan

Sectoral 5-Year Development Plan

Provincial 5-Year Development Plan

## Annual Development Plan

National Annual Socio-Economic Development  
Plan

Sectoral Annual Development Plan

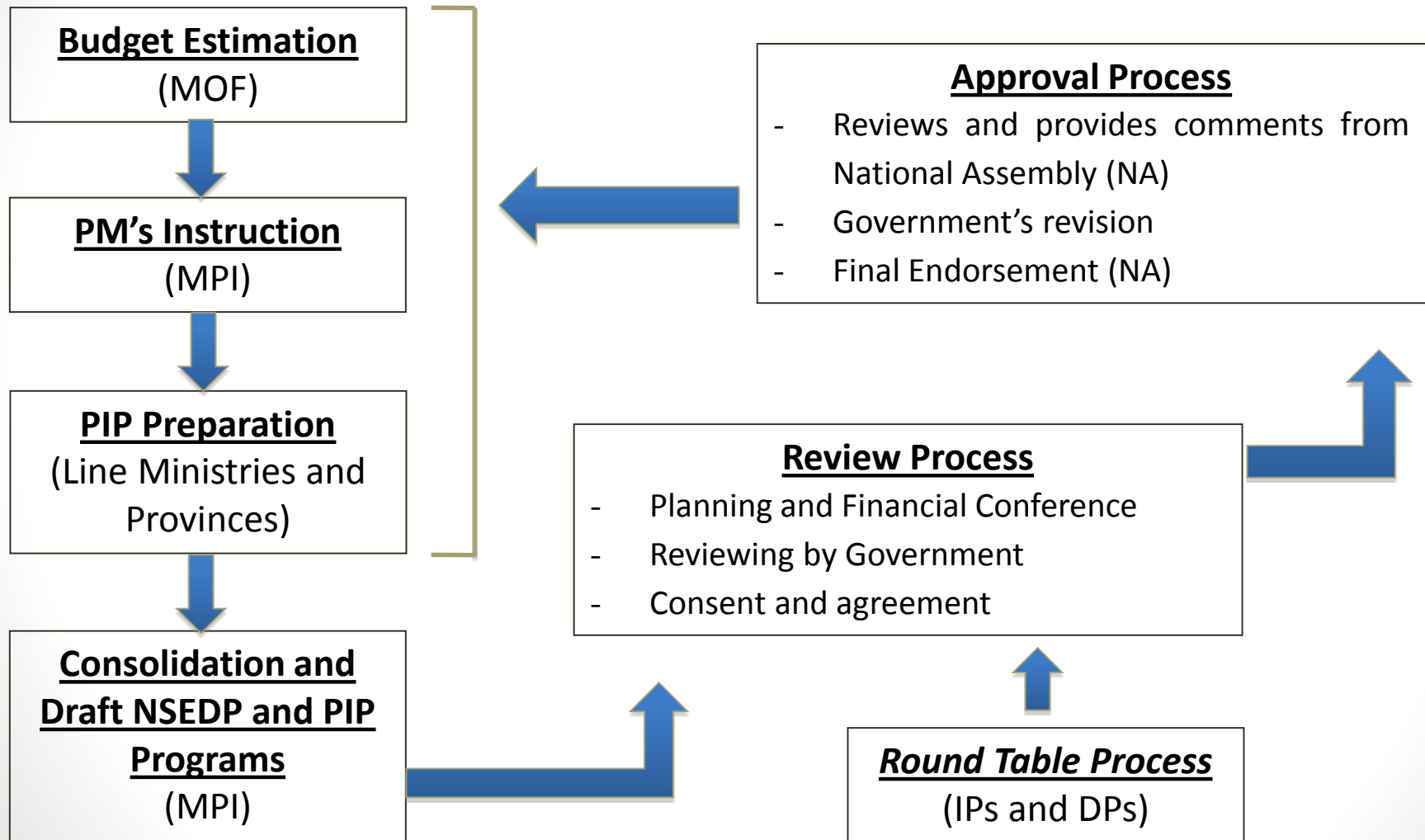
Provincial Annual Development Plan

# Land-linked Strategy



Source: NERI, 2005

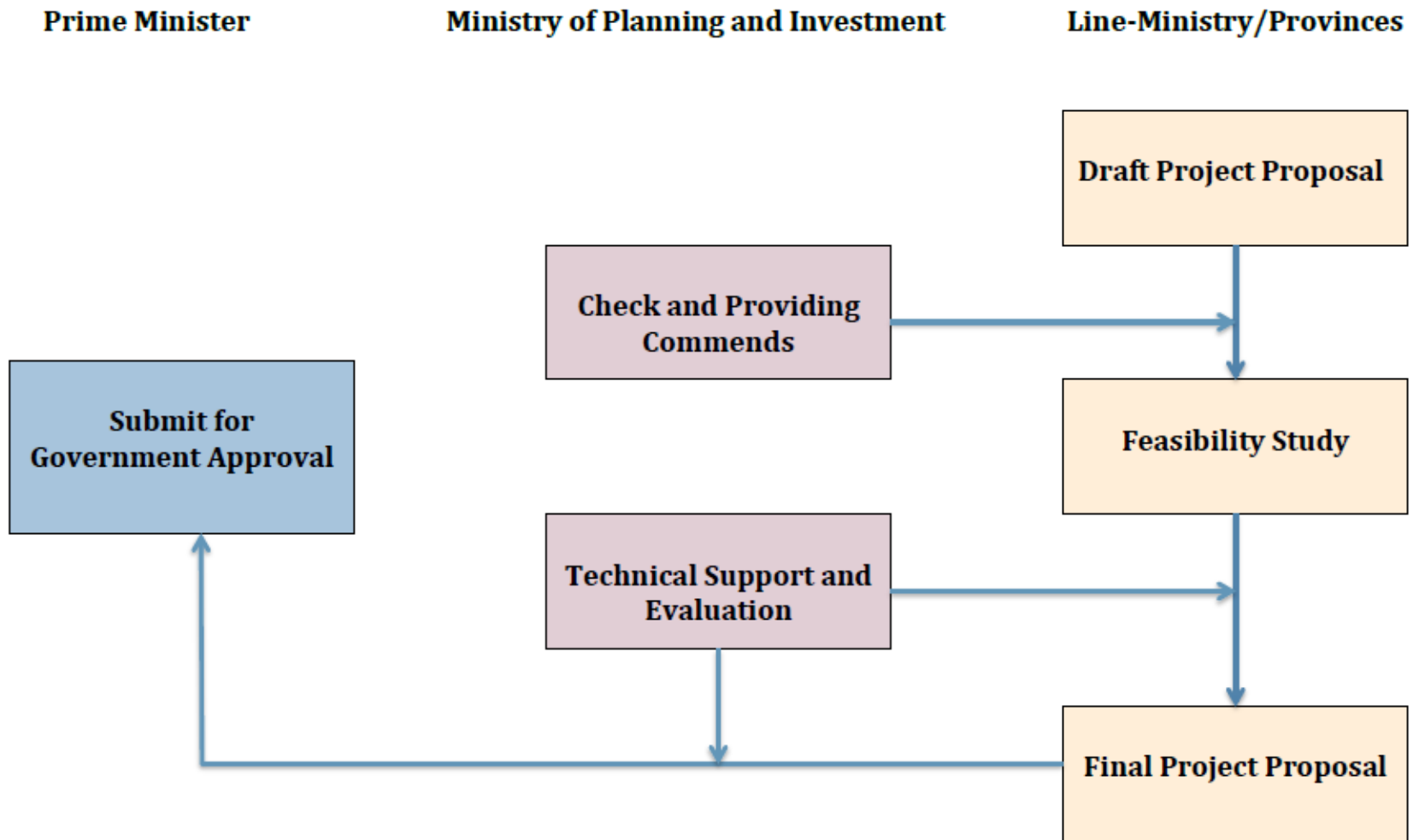
# PIP Framework in Lao PDR



# Classification of Public Investment Projects

- Type 1: Mega project with investment capital 50 billion KIP and over and project duration of over 7 years.
- Type 2: Between 5 to 50 billion KIP with project duration of within 5 years
- Type 3: Investment value of 5 billion KIP and less and project duration of not over 3 years.

# Approval Process for Type 1 PIP

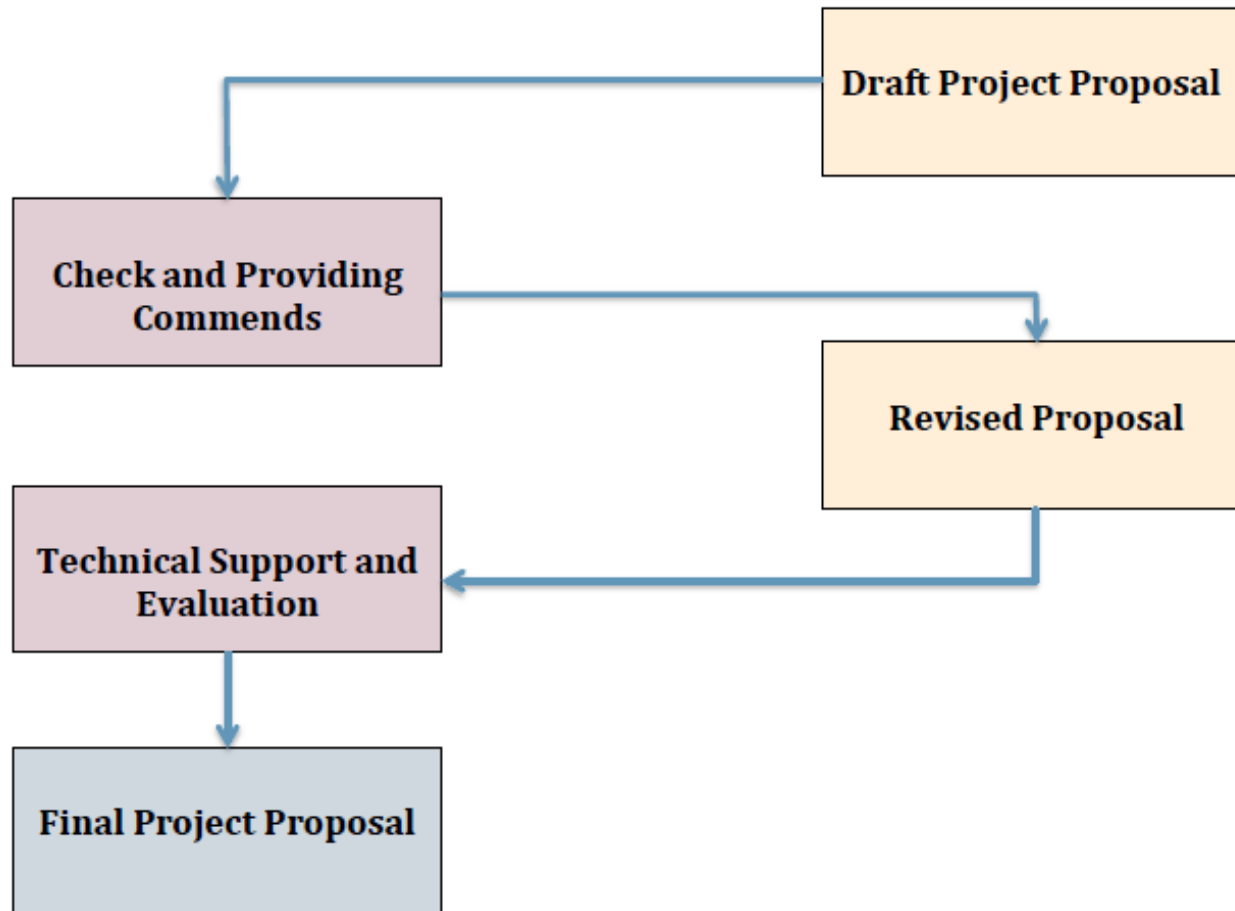


Source: Oraboune, 2012

# Approval Process for Type 2 PIP

**Ministry of Planning and Investment**

**Line-Ministry/Provinces**

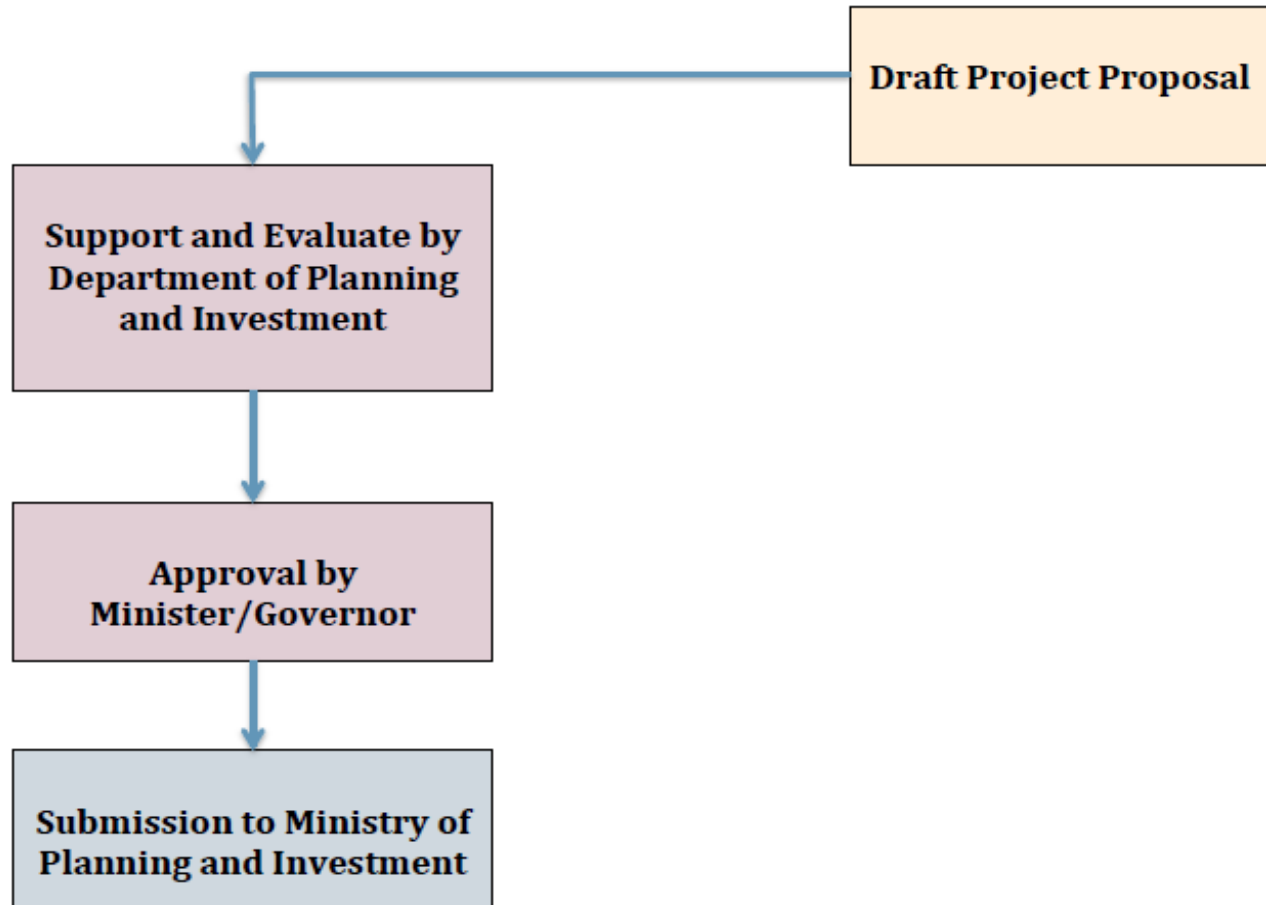


Source: Oraboune, 2012

# Approval Process for Type 3 PIP

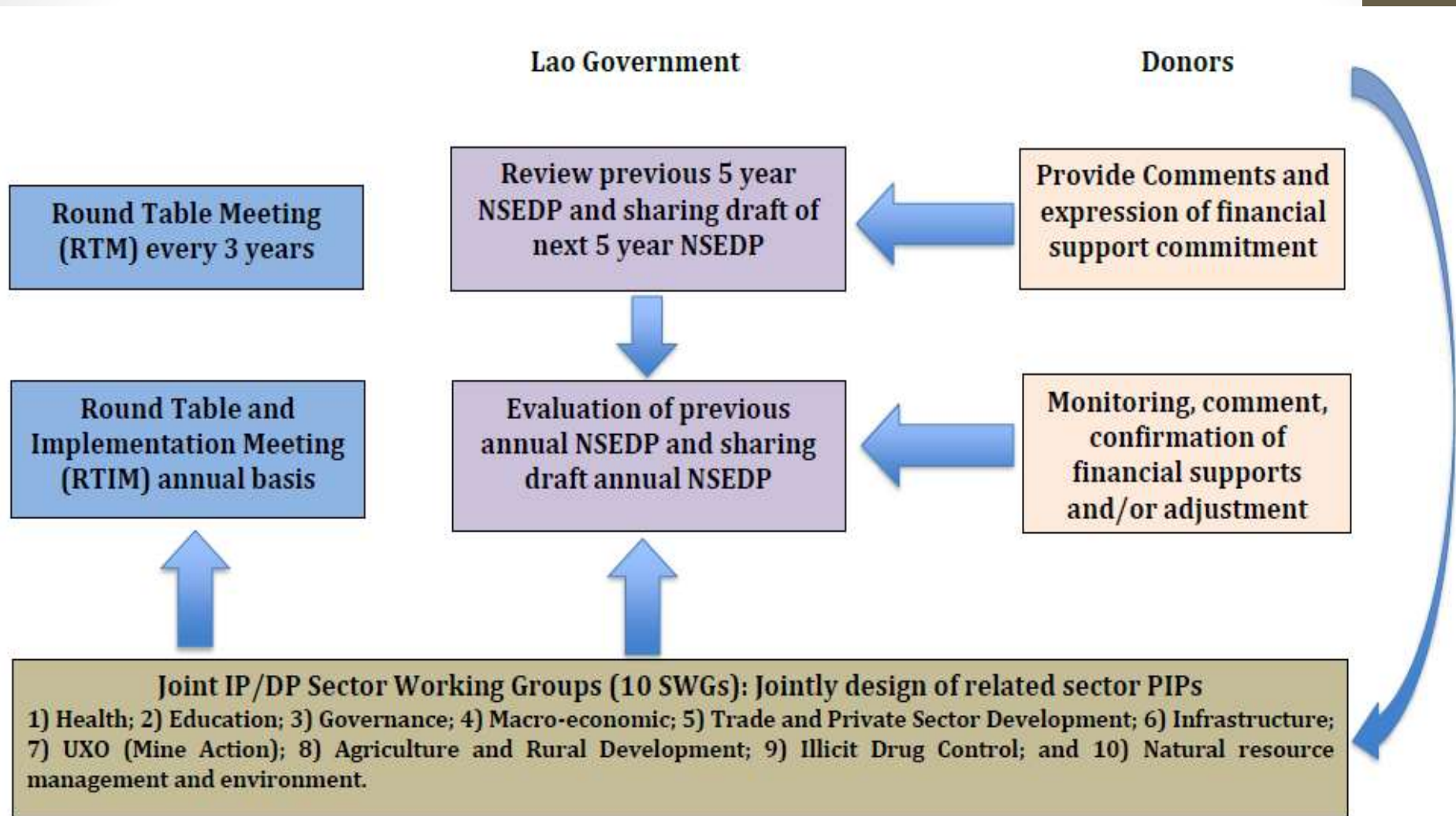
**Line-Ministry/Provinces**

**District/Village**



Source: Oraboune, 2012

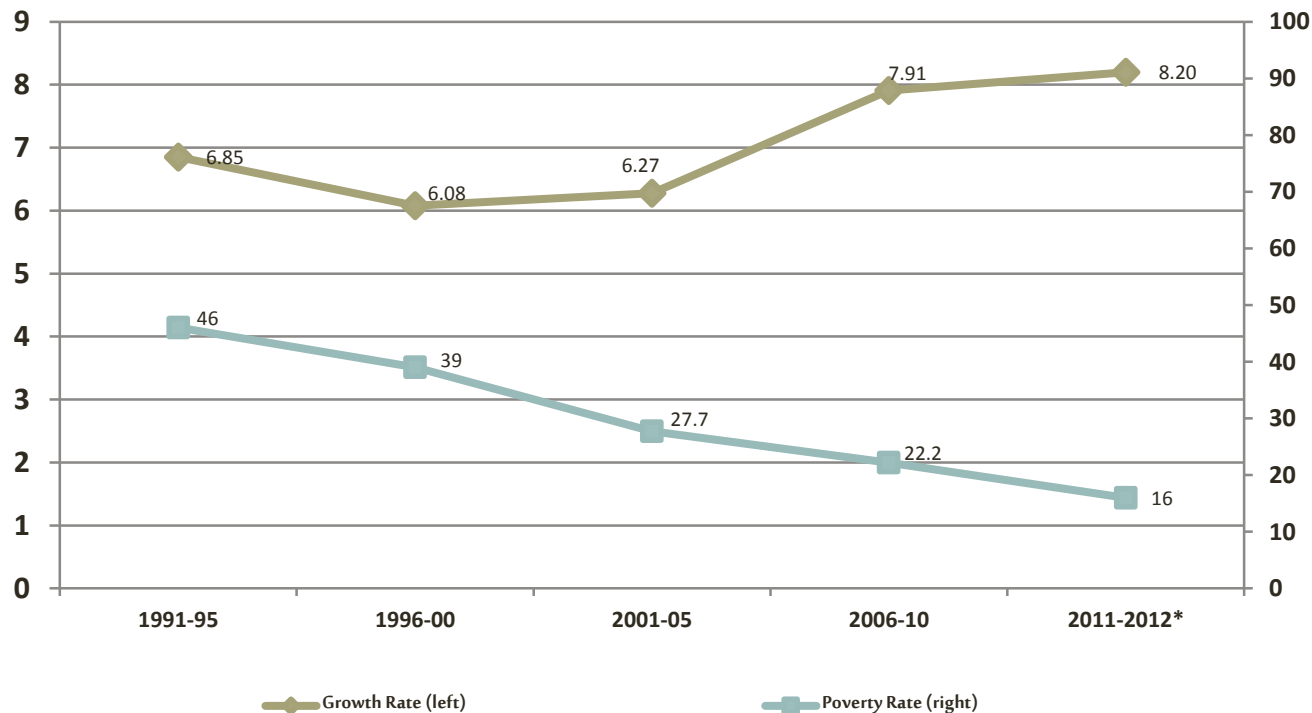
# National Round Table Process





# Progress of Socioeconomic Development of Lao PDR (cont')

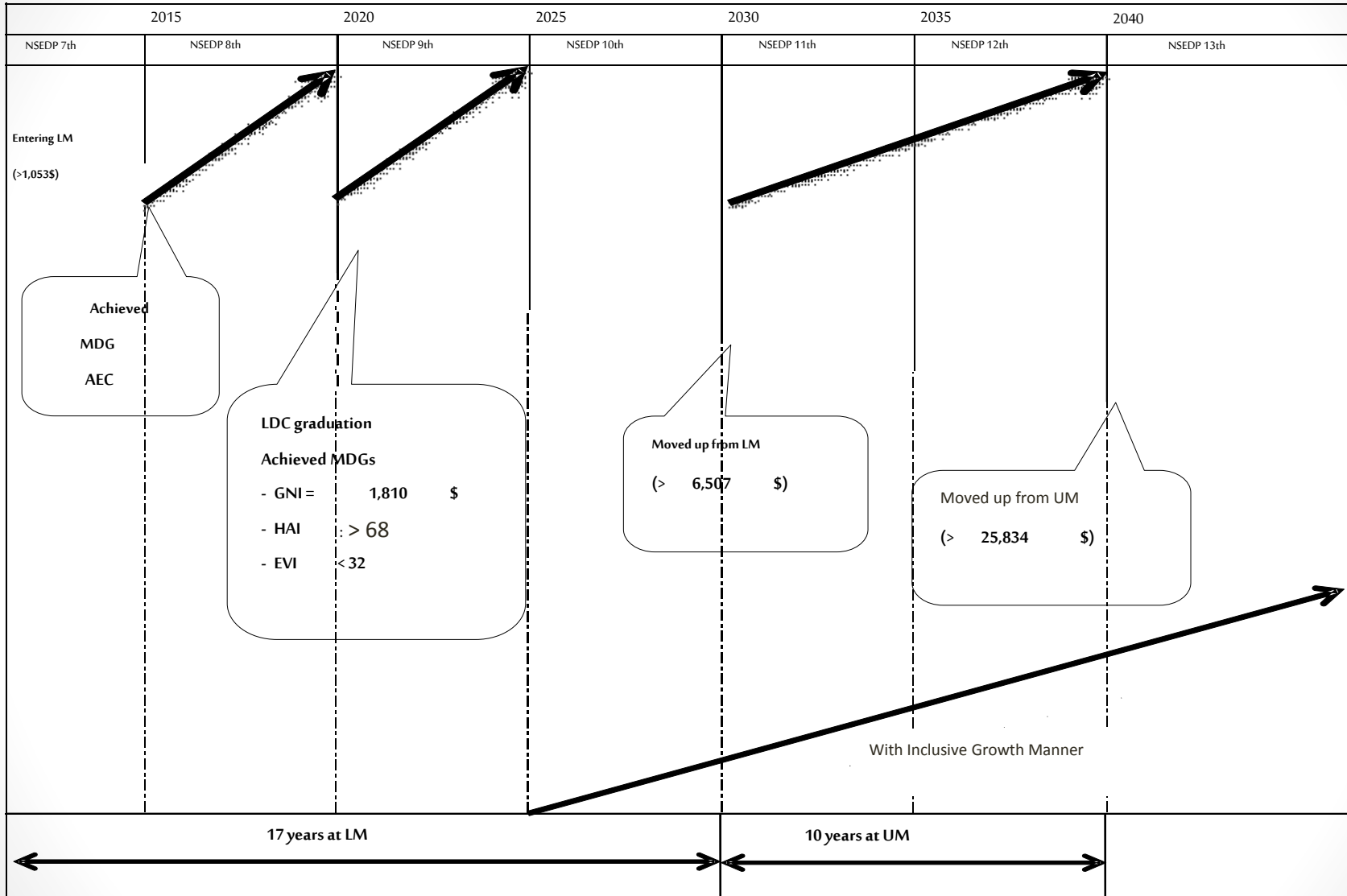
- GDP Growth Rate and Poverty in Lao PDR (1991-2012)



•Estimate

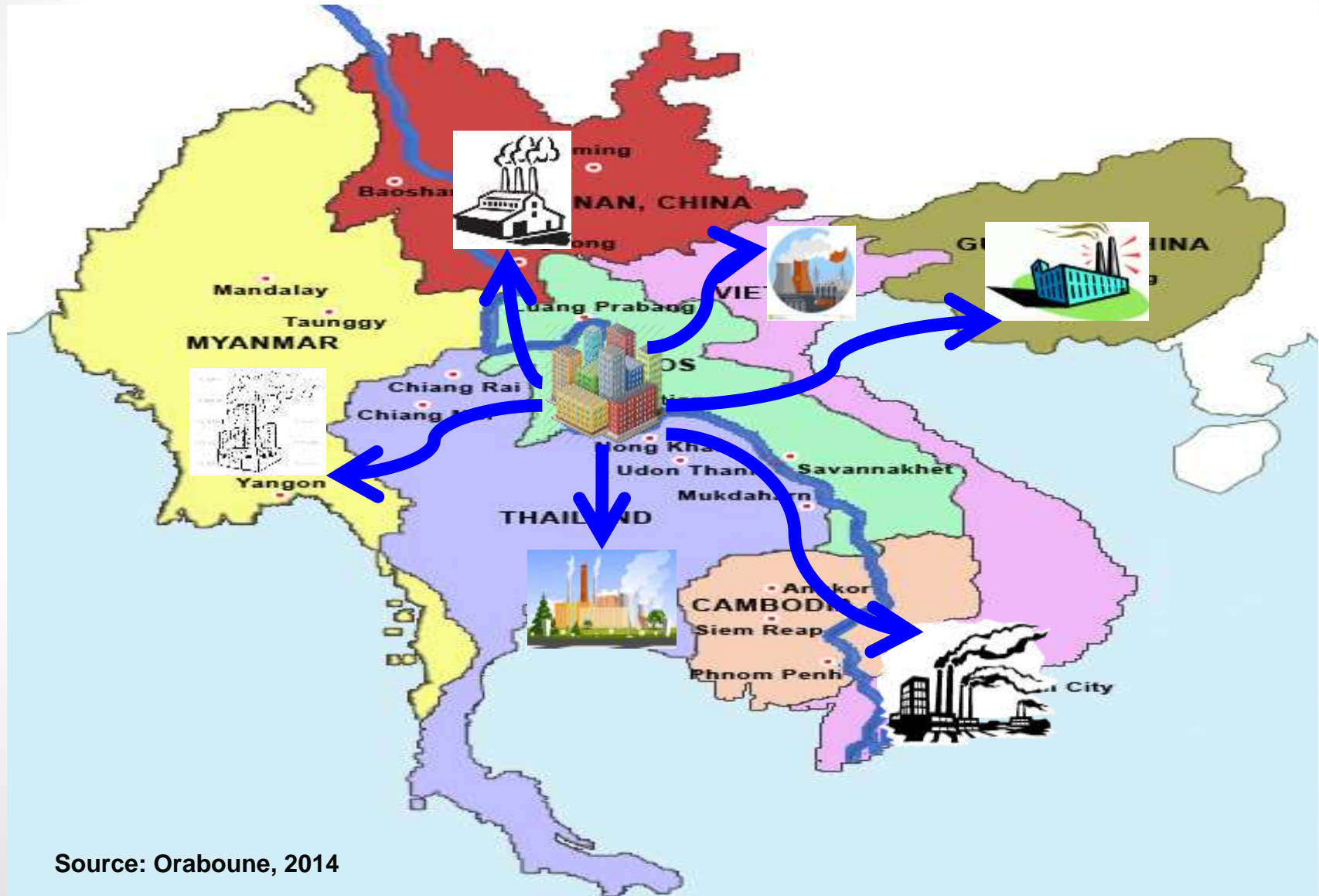
Source: LSB, NERI, MPI

# Initial Draft of Future Visions



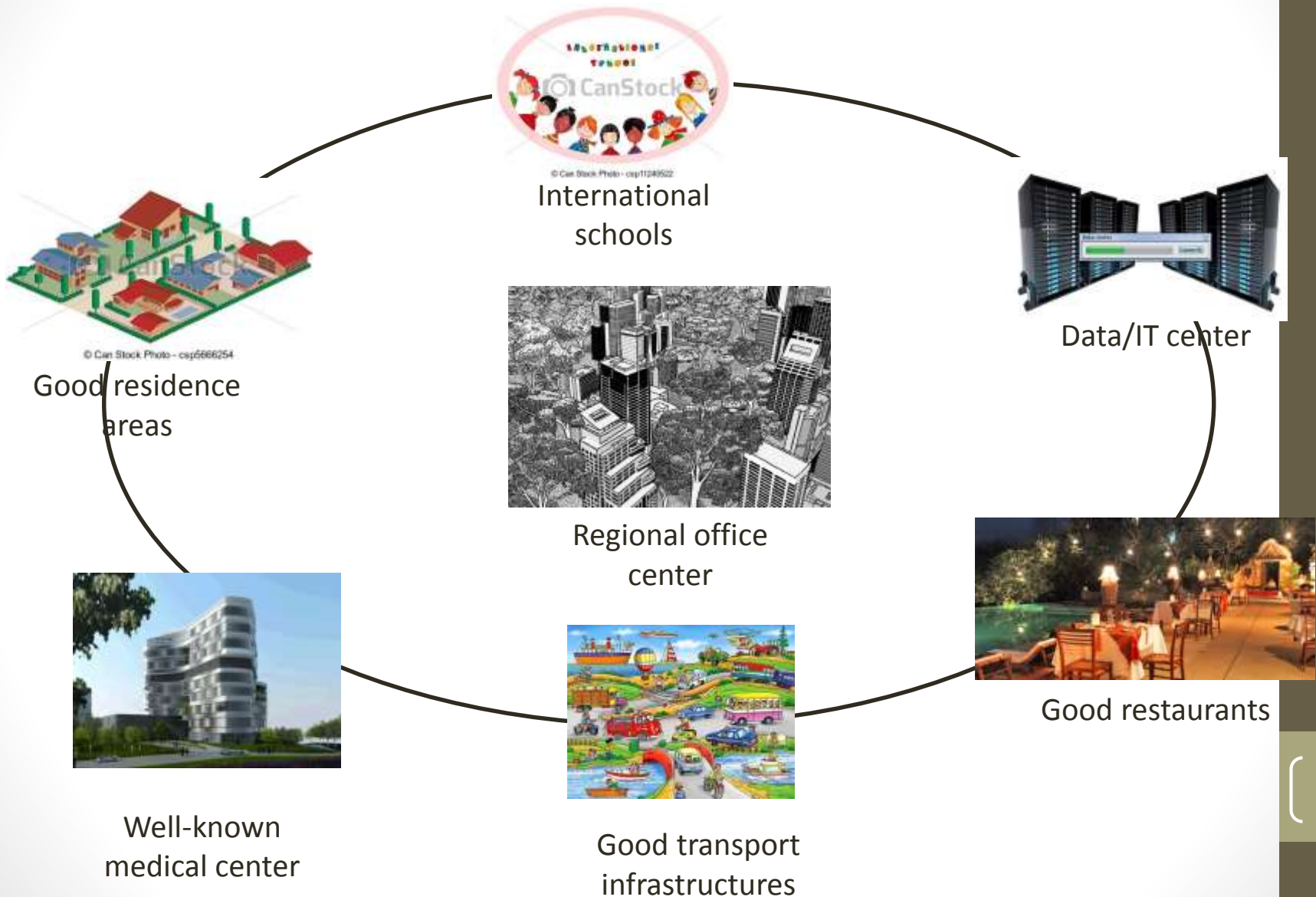
Source: NERI, 2013

# Initial Concept of Regional Office of GMS?



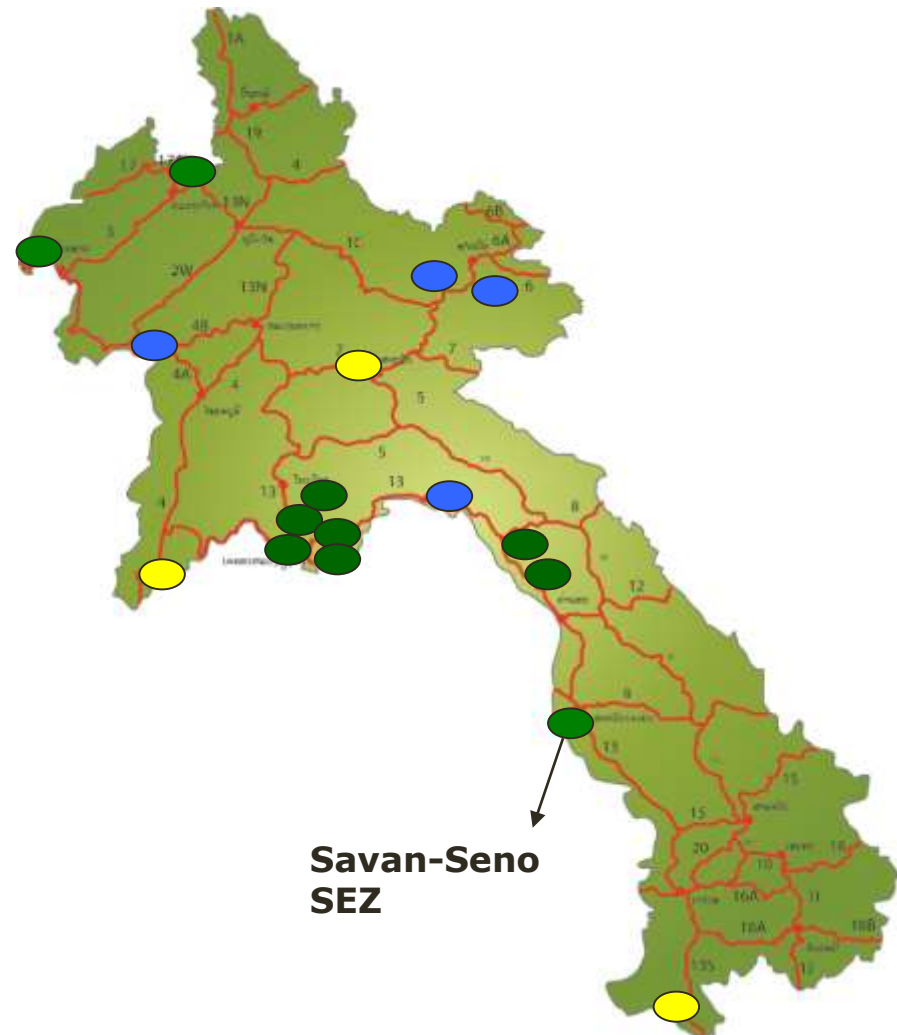
Source: Oraboune, 2014

# Initial Concept of Regional Office City



# Current Special Economic Zone Development

- Official Endorsed SEZs
- Under consideration
- Newly Proposed Zones



Source: SEZ Secretariat, 2012



# Current Development of Hydropower in Lao PDR

| No | Name of project – location    | Output (MW) | Production (GWh/y) | Owner                  | Commission year |
|----|-------------------------------|-------------|--------------------|------------------------|-----------------|
| 1  | Nam Dong – Louang Prabang     | 1           | 4.7                | EDL                    | 1970            |
| 2  | Xe Labam – Champasak          | 5           | 21                 | EDL                    | 1970            |
| 3  | Nam Gnum 1 – Vientiane pro.   | 155         | 1,002              | EDL                    | 1971            |
| 4  | Xeset 1 – Saravanh            | 45          | 134                | EDL                    | 1990            |
| 5  | Nam Ko – Oudomxay             | 1.5         | 7.9                | EDL                    | 1996            |
| 6  | Theun Hinboun – Bolikhamxay   | 210         |                    | EDL, Nordic, GMS       | 1998            |
| 7  | Houy Ho – Champasak           | 152         | 617                | EDL, Suez Energy, HHTC | 1999            |
| 8  | Nam Leuk – Vientiane pro.     | 60          | 218                | EDL                    | 2000            |
| 9  | Nam Gnay – Phongsaly          | 1           | 8                  | EDL                    | 2003            |
| 10 | Nam Mang 3 – Vientiane pro.   | 40          | 150                | EDL                    | 2004            |
| 11 | Xeset 2 – Saravanh            | 76          | 309                | EDL                    | 2009            |
| 12 | Nam Theun 2 – Khammouan       | 1,088       | 5,500              | LHSE, EDF, EGCO, ITD   | 2009            |
| 13 | Nam Leak 1/2 – Vientiane pro. | 100         | 435                | IPP                    | 2010            |
| 14 | Nam Gnum 2 – Vientiane pro.   | 615         | 2,300              | IPP                    | 2010            |
| 15 | Small hydro projects          | 1,405       |                    | Province               |                 |
| 16 | Solar projects                | 0.214       |                    | Province               |                 |
| 17 | Generators                    | 0.74        |                    | Province               |                 |
|    |                               | 2,552       | 10,706.6           |                        |                 |

Source: Ministry of Energy and Mine

# 2020 Hydropower Project Plans

| Region          | No. or projects | Output (MW)                        | Production (GWh/y)                   |
|-----------------|-----------------|------------------------------------|--------------------------------------|
| Northern region | 31              | 1,466 (2010-15)<br>1,623 (2016-20) | 8,016 (2010-15)<br>7,783 (2016-20)   |
| Central region  | 19              | 1,333 (2010-15)<br>323 (2016-20)   | 5,366 (2010-15)<br>1,524 (2016-20)   |
| Southern region | 27              | 1,047 (2010-15)<br>905 (2016-20)   | 6,504 (2010-15)<br>4,729 (2016-20)   |
| Total           | 77              | 3,846 (2010-15)<br>2,851 (2016-20) | 19,886 (2010-15)<br>14,039 (2016-20) |

Source: Ministry of Energy and Mine

# Challenges for Development



# Challenges and Constraints

- Public capacity and rule of laws
- Small labor force with still low capacity
- Reliance on external financing for development (FDI, loans and grants)
- Natural resource driven growth
- Concentrated export market
- Weak private sector, in particular SMEs
- Poor infrastructure system – particularly road connection to neighboring countries

# Concluding remarks

- Although Laos has positive progress on socioeconomic development in the past decades, but it was still under its potential development. Therefore, in order to ensure achievement of full potential development as well as future vision, strengthening policy formulation and implementation at all levels is needed in order to ensure the consolidation of development plans of all levels and the national plan will substantially implemented.

# Discussion

- Leadership: Laos is based on consolidate decision process within ruling party and delegation of power.
- Central economic agency: No supra agency – Ministry of Planning and Investment (MPI) rather acts as coordinating agency for on development issues:
  - National Economic Research Institute (NERI) – as Think-tank and development strategic agency.
  - Department of Planning (DoP) – as central coordinating agency on development planning.
  - Department of International Cooperation (DIC) – as central coordinating agency related to development finance with donor community.
- Capacity – still a critical issue at sector and provincial levels.

Thank you very much for your  
kind attention!?!

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