

**LUXEMBOURG – LAO PDR**  
**INDICATIVE COOPERATION PROGRAMME 2011 – 2015**

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## CHAPTER 1: GENERAL FRAMEWORK OF LAO PDR – LUXEMBOURG RELATIONS

### 1.1. Strategies and Principles of Luxembourg Development Cooperation

The Luxembourg Development Cooperation is strongly committed to eradicate poverty, particularly in Least Developed Countries (LDC). Actions are designed and implemented in the spirit of sustainable development including its social, economic and environmental aspects – with women, children and men at their core.

Luxembourg's cooperation aims primarily to contribute to implementing the Millennium Development Goals (MDGs) by 2015. The main intervention sectors for cooperation are: health, education, including vocational and technical training and access to labour markets, and integrated local development with a strong emphasis on water and sanitation. Relevant initiatives in the field of microfinance are encouraged and supported, both at the conceptual and operational levels.

From a geographic point of view, Luxembourg cooperation has a policy of concentration of interventions in a restricted number of ten partner countries in order to optimize effectiveness and impact. Two out of these ten countries are in Asia, namely Lao PDR and Vietnam, and cooperation with these countries distinguishes itself by a strong sense of partnership with national and local authorities. This spirit of partnership, paired with a strong concern for ownership of cooperation programmes by the partners, is at the heart of the multi-annual development cooperation programmes, the Indicative Cooperation Programmes (ICPs).

Since the year 2000, Luxembourg has been one of the industrialised countries contributing more than 0.7% of their Gross National Income (GNI) to Official Development Assistance (ODA). In 2009, Luxembourg's ODA reached over 297 Million Euro representing 1.04% of GNI. This ODA is channeled through bilateral cooperation, multilateral cooperation, and cooperation through Non Governmental Organisations (NGOs), as well as through programme support.

Besides, whenever natural or man-made disasters occur, Luxembourg strongly supports rapid humanitarian assistance through crisis management and life saving operations. Disaster prevention and post disaster transition work are part of Luxembourg's humanitarian assistance strategy.

In parallel, Luxembourg development cooperation is actively involved in discussions on new quality standards of international development aid. As such, Luxembourg, as the acting Presidency of the Council of the European Union in 2005, was instrumental in the negotiation and adoption of the Paris Declaration on Aid Effectiveness, and Luxembourg also endorsed the Accra Agenda for Action (AAA) and is committed to the European Code of Conduct on Complementarity and Division of Labor.

The general strategy and principles of Luxembourg Development Cooperation are complemented by ten sector strategies covering the main areas of the Luxembourg global cooperation, namely health, humanitarian action, agriculture and food security, local development, water and sanitation, education, training and employability, environment protection, climate change, gender, governance and microfinance.

Luxembourg's development cooperation and humanitarian assistance policy is characterized by a constant and progressive effort in quantitative and qualitative terms at the service of the poorest. This policy is an expression of true international solidarity and as such an important vector of the Luxembourg's government foreign policy.

## **1.2. Development Strategy Summary of Lao People's Democratic Republic**

The Government of Lao PDR has just completed the preparation of the draft 7th NSEDP 2011-2015. The NSEDP is based on the long term vision provided by the Socio-Economic Development Strategy 2020 and lessons learned from the implementation of 6th NSEDP (2006-2010). Pursuing the efforts made over the past years and building on achievements and progress in all development areas, the 7th NSEDP aims to achieve solid, equitable and sustainable economic growth, reduce poverty and inequality, attain the MDGs by 2015, and achieve further strides on the path of graduating the country from its Least Developed Country status by 2020. For achieving this, it targets an annual economic growth of at least 8%, and projects to diversify the economy, ensure broad-based growth, build physical infrastructure, invest in social sectors and rural development, improve governance, promote inclusiveness especially of women, improve labour productivity and competitiveness and enhance capacities at all level.. The plan underscores the importance of achieving the Millennium Development Goals (MDGs), protecting the environment, maintaining political stability and peace, pursue reforms in line with market economy with socialist orientation, and integration of the economy into the region (ASEAN) and the world.

### **1.2.1 Rural development and poverty reduction:**

The government aims to reduce the proportion of people living below the (national) poverty line to less than 19%, make more than half the total numbers of villages development villages, and up-grade at least 1-2 Kumbans in each district to become urban. For this, Kumban planning, introduced during the 6th NSEDP to elicit people's participation in the planning framework, will continue in the 7th NSEDP. Village will expand further. Finally, the Poverty Reduction Fund will increase its activities three-fold. Some key projects include: Settling/resettling displace people or landless farmers and providing them permanent livelihoods, linking agricultural production with processing and service industries, and establishing model villages and Kumbans.

### **1.2.2 Health and Nutrition:**

The plan aims to ensure all citizens access to health services. The various projects will include: using modern methods and technologies; continue setting up mobile medical treatment units in remote areas; enhancing the quality of treatment in hospitals; continuing to strengthen the capacity, knowledge and skills of doctors, midwives, and skilled birth attendants at local levels; strengthening health centers to treat communicable disease, and increasing surveillance and spreading information on HIV/AIDS. The improvement of nutrition to ensure better overall health and a pertinent means to fight poverty is explicitly recognized in the plan. The targets for improved nutrition include: decrease the proportion of stunted children under 5 years to 34%; decrease the proportion of wasted children (<5years) to 4%; decrease the proportion of children (<5years) suffering from anemia to 30%; and decrease anemia among women in the reproductive age groups to 30%. The different measures include encouraging research for improving the capacity in drug and food safety, attracting investment in the nutrition sector, increasing the awareness about hygiene; and integrating nutrition in the health and education systems.

### **1.2.3 Education, human resource development, and technology:**

Educational development aims to ensure a continuous in the quality and quality, and educational reform. There are schemes to expand upper secondary schools, vocational and technical schools and universities, and to encourage studies in science, foreign languages and new technologies. Effort will also be made to increase educational opportunities in remote areas for children, especially the poor, female, ethnic groups, the disabled, and the disadvantaged. Finally, effort will be made to link education with nutrition for establishing synergies between health, nutrition and education. The education budget is targeted to increase to 18% of the national budget.

#### 1.2.4 Tourism:

For developing this sector, natural, cultural and historical tourist sites and attractions, and eco-tourism are to be developed. Human resources development has been identified as a major challenge. The plan aims to attract more than 2.8 million tourists annually by 2015. Some projects include: classification of tourist attraction sites, and tourism infrastructure construction.

#### 1.2.5 Finance and Banking:

- Finance: To strengthen the fiscal and monetary policy to effectively enhance the macroeconomic management and stability, increase both domestic and external revenues, and efficiently use such revenue to gradually reduce the budget deficit.
- Banking: Targets include, increasing deposits to approximately 25.6% per year, increasing commercial loans by 22.6% per year, expanding micro credit, securing foreign reserves to cover imports for at least six months, and ensuring adequate loans to SMEs. For this, effort will be made to improve banking regulations and supervision of financial institutions.

#### 1.2.6 The governance sector:

Recognizing governance to be of cross-cutting importance, the focus will be on the following areas:

- Strengthening governance authority and enhancing people participation

Improve state's justice representative agencies and ensure that people, esp. ethnic people, truly receive benefits; actively create a bridge between the justice system and actual benefits accruing to people; and expand people's participation in the monitoring and evaluation of public administration and public organizations, to improve the organizational structure of government authority representative agencies, maximize benefits to the ethnic people, and ensure that human resources are available in both, quantity and quality and Improve coordination mechanisms, rules and principles, especially strengthen coordination between the National Assembly, government agencies and other related organizations

- Public administration development

Improve legislation system and simplify public administration rules and regulation, by shortening administrative procedures of both central and local level administration in order to ensure effective implementation, improve a human resource management system and make it universal system for all government offices across the country. Produce and upgrade government officers to ensure both quantity and quality available for the national development process, improve laws of the government, law on local authority, personnel laws and other regulation and develop them to become firm references for social administration and improve organizational structure of the government and local authority to become more simplified and more rationale; actively use modern technology and innovative approaches in the administration work.

- Laws and legal system development

Continue to improve the quality of the legal and justice sector through ensuring political and ethical standards for the attorneys. Effort will also be made to increase the number of attorneys at all levels. Focus will be on research and improvement of laws and legislations that have already been enforced, for them to be compliant with the NSEDP; and formulate some new laws and legislations as necessary to serve national developments.

- Sound financial management

To ensure a sound management of the public finances, the 7<sup>th</sup> NSEDP aims to achieve the following targets: domestic revenue levels of 16-18% of the GDP per year, total revenue (including grants) at 18-20% of GDP, and budget deficit not more than 3-5% of GDP. Increase money deposits by about 25.6% per year, or about 39.5% of GDP.

Other Programmes: These include, regional and local level planning, making Lao PDR drug-free, continue addressing the UXO problem, youth development, sports and gymnastics, building solidarity among people, and mitigating other social drawbacks such as crime and prostitution.

### 1.3. Strategic Objectives of ICP 2011 – 2015

The ICP 2011-2015 is guided by a spirit of continuity of Luxembourg's existing development cooperation, with a strong geographical and sector concentration, is pro-poor oriented and is aligned with the National Socio-Economic Development Plan (NSEDP) 2011-2015. It also focuses on the needs of a landlocked, least developed country (LDC) aiming to meet the Millennium Development Goals (MDGs) by 2015 and to graduate from LDC status by 2020.

The ICP targets poverty reduction through support mainly to social sectors with a strong emphasis on health, education and local/rural development. The ICP also aims to respond to the growing needs of a future middle income country (MIC) in key economic areas through institutional capacity building and human resources development in the banking and finance sector and in the hospitality and tourism industry.

Whereas previous ICP supported more specifically infrastructure development and provided equipment in sectors such as health (Lao-Luxembourg Maria Theresa Hospital in Vientiane Province), education (Thakhek Vocational Training School), and rural development (Bolikhan and Pakkading), the present ICP gives particular attention to consolidating these infrastructure investments. The present ICP aims to further develop these infrastructure investments in a sustainable manner through technical assistance support for institutional capacity building and human resources development, thus strengthening local governance, public accountability and overall service delivery quality at national, provincial and district level.

In the health sector, Luxembourg's decade long support is being further strengthened and harmonized under the Lao-Luxembourg Health Programme (Lao/017). Similarly, education infrastructures supported in previous ICPs will be expanded to the hospitality and tourism sector with the setting up of a vocational training school (Lao 020) and an innovative public-private partnership on the banks of the Mekong River, guided by a pro-jobs and market oriented approach.

Present support to local/rural development in Bolikhamxay (Lao/021) which is strengthening capacities at a sub-national level for improved social service delivery with an emphasis on the poor, will be further strengthened with a new local/rural development project in Khammouane that will build on Lao/021 and Lao/017.

In addition, support will be provided through financing UN funds and programmes that have a tangible impact for the Lao population and that build on the bilateral cooperation in health, local/rural development and education sectors.

Finally, critical cross cutting issues will be addressed with targeted support to the climate change and adaptation initiative of the Mekong River Commission (MRC) and will also be embedded in all the bilateral local/rural development programs.

#### 1.4. Past and Present Bilateral Agreements between Lao PDR and Luxembourg

- Establishment of Diplomatic Relations between Lao PDR and Luxembourg, signed in New York on 25 September 1997;
- General Cooperation Agreement, signed in Vientiane on 18 February 2000;
- First Indicative Cooperation Programme (2003-2006, budget: 18 million EUR), signed in Vientiane on 25 November 2003;
- Second Indicative Cooperation Programme (2007-2010, budget: 35 million EUR), signed in Vientiane on 19 September 2006;
- Agreement on Cooperation in the Fields of Culture, Higher Education and Research, signed in Vientiane on 16 October 2007.

## CHAPTER 2: COUNTRY ASSESSMENT

A Common Country Assessment (CCA) was undertaken in 2006 within the framework of the Millennium Declaration and the Millennium Development Goals (MDGs) as well as a range of national development priorities. All UN agencies, both resident and non-resident, have participated in this process through the United Nations Country Team (UNCT). The Government has also played a vital role in the review process. The CCA offers a common analytical base from which the UN system, the Lao Government and all relevant development partners may identify their strategic cooperation plans in the UN Development Assistance Framework (UNDAF). The UNDAF describes the collective response of the UNCT to the priorities in the national development framework. The UNDAF outcomes clearly show where the UNCT can bring its unique comparative advantages to bear in advocacy, capacity development, policy advice and programming for the achievement of MD/MDG related national priorities.

The CCA includes development achievements, constraints and their causes. It analyses the current state of development in the country from the perspective of the rights-based approach which views development as part of a larger process of promoting and protecting human rights. In this way, the CCA offers a rights-based platform to support the Lao PDR in realizing a range of development goals.

Early in 2005 the UNCT in Lao PDR identified five priority areas for assessment and causal analysis. Theme groups were created for each topic including: Poverty, Food Security and Growth; Governance; Health; Education; HIV/AIDS. In addition, improvement of socio-economic infrastructure is also considered to be a priority area. Using the existing CCA (2000) as a base, the groups explored the available data and additional evidence to highlight the most pressing development issues within their respective themes. This compiled information was then employed to identify key development challenges or concerns. Where overlaps and commonalities are apparent in the rights based findings of each theme group, these have been summarized in the CCA Rights Overview.

Whilst recognizing that the CCA is inherently focused on gaps and development concerns, the document also seeks to demonstrate the Lao Government's response to each of the challenges as well as examples of progress and good practice. The Government's commitment to overarching platforms such as the National Growth and Poverty Eradication Strategy and specific planning instruments such as the National Environmental Strategy 2020, the National Population and Development Strategy and the Drug Demand Reduction Strategy (among others) clearly demonstrate concerted efforts in formalizing key development responses. The UNCT also acknowledges progress in a number of specific areas (such as improved gender representation in the National Assembly and reductions in iodine deficiency) as they appear in each chapter.

Each chapter of the CCA highlights progress made and measures undertaken by the Lao Government in response to the current development challenges. The document concludes by identifying the constraints and challenges to be addressed in the next UNDAF cycle. There is a focus on increasing



awareness, increasing access, reviewing or implementing specific policy, increasing participation and fostering enabling environments. Even more commonly challenges include capacity constraints such as limited financial resources and insufficient monitoring and evaluation mechanisms. Perhaps most of all, challenges across the five chapters point to the need for strengthening human resource capacity and strengthening the implementation and application of policies.

These challenges present major obstacles for the Lao people to have their rights fully exercised. This CCA shows a steady progress in the overall development in the Lao PDR. Its geographic position as a landlocked country - often considered to be an economic disadvantage – has been re-conceptualised as a comparative advantage through the Government's policy of transforming the country into a land-linked hub. Indeed, the macroeconomic situation remains promising. In recent years the Lao PDR has experienced relatively good economic growth (6.3 percent in real GDP annually since 2002). The IMF projects an ongoing annual growth rate of 6-7 percent in real GDP between 2006 and 2010. External trade is expected to continue to grow at more than 10 percent annually.

The Government has launched its Poverty Reduction Strategy Paper, known locally as the National Growth and Poverty Eradication Strategy (NGPES), which provides the framework for the country's future growth and poverty eradication programmes, with the overall aim of freeing the Lao PDR from the status of a least developed country by 2020. In the area of regional integration, the Lao PDR has progressively integrated itself into the sub-regional, regional and international economic system. It is a key partner in the emerging Greater Mekong Sub-Region (GMS) Economic Cooperation Program and an active member of the ASEAN. It is currently in the process of acceding to the WTO.

The section on Governance and Human Rights highlights the considerable progress that has been made in the reform of public administration, legislature and the rule of law. It also presents key challenges that remain to be addressed, such as the promotion of wider public participation in development and capacity building in the legal sectors.

Similarly, Poverty Reduction and Food Security are highlighted as continued pressing needs for the Lao PDR. The causes of concern, among other things, are limited distribution capacity, increasing population pressure on available lands and the recurrence of natural disasters. In addition, insufficient financial allocation and long-term funding for agriculture have become a major constraint. This Section also highlights the need to address infrastructure development as a prerequisite for achieving the goals in other sectors.

The section on Education shows that over the past decade there has been a steady increase in the quality and availability of education, including vocational training. Overall net enrolment in both primary and secondary education has improved due to an increased number of schools and a rising focus on rural and ethnic communities. Nevertheless, despite considerable improvements, adult illiteracy remains widespread, particularly in rural areas, and the education sector is facing many critical challenges due to insufficient funding and limited teaching resources and training facilities.

The Health Section reveals that although the number of public health facilities has increased due to infrastructure developments and capital expenditure, access to adequate health services remains a primary concern. In general, the health care system is underdeveloped and under-funded, and health workers have inadequate skill levels, both of which directly contribute to quality shortfalls across the health system. This Section also outlines the leading causes of morbidity and mortality as well as addressing the issue of inadequate healthcare staffing, which constitutes a major constraint in the provision of decent health services.

The final Section on Cross-Cutting Issues presents the ongoing efforts of the Lao Government to address overarching concerns such as HIV/AIDS, UXO and Drug Control. Some key constraints and needs are also highlighted.

## CHAPTER 3: STRATEGIC AREAS OF ICP 2011-2015

### 3.1. Intervention modalities

Luxembourg's Development Cooperation, through its multi-year Indicative Cooperation Program, supports bilateral projects and programs, implemented i.a. by Lux-Development, the Luxembourg agency for development cooperation. It also supports multilateral partners, such as the UN system and the European Commission. It co-funds accredited Luxembourg NGOs which are active in development cooperation in Lao PDR.

#### 3.1.1. Bilateral cooperation

Bilateral cooperation is implemented i.a. through Lux-Development (LD), which has a long-standing expertise in the developing world and in Lao PDR in both soft and hardware project and programs. The bilateral cooperation represents the major part of Luxembourg's development activities. Luxembourg's bilateral presence has been strengthened since 2009 with the expansion of the LD office in Vientiane.

#### 3.1.2. Multilateral cooperation

The multilateral component of the ICP represents up to 20% of the overall budget. As per the recommendations of the ICP II mid-term review, Luxembourg will seek a more coherent and coordinated approach with its traditional multilateral partners in Lao PDR, such as UNICEF, WHO, UNFPA and WFP by seeking to support health activities building on and expanding the outreach of the Lao – Luxembourg Health Programme (Lao/017). ILO remains a partner in regard to the extension of health insurance to ensure access to health care for all Lao citizens. Continued support will be provided to the UXO Lao programme in partnership with UNDP and on research for WFP's P4P pilot initiative in support of smallholder farmers. Support to good governance focuses on the UNDP/UNCDF Governance and Public Administration Reform Project (GPAR), in particular its District Development Fund (DDF) component.

This ICP will also give special impetus to environment protection at a regional level by providing support to the Mekong River Commission (MRC) Climate Change and Adaptation Initiative for the period 2010-2015.

#### 3.1.3. Cooperation with NGOs

The Government of Luxembourg encourages Luxembourg NGOs to work in Lao PDR and continues its cooperation with NGOs already active in the country. The present ICP will be shared with Luxembourg NGOs and will be taken into account when analyzing funding requests submitted by these NGOs.

#### 3.1.4. Program Support

Program support is provided through the supply of qualified human resources for development cooperation. This encompasses Junior Professional Officers to UN agencies or Junior Experts to the European Union delegation, United Nations volunteers, aid workers and related professionals and interns.

### 3.2. Priority sectors

**Rural and local development** remains a high priority to reduce the social and economic gaps between rural and urban populations by achieving improved and sustainable capacities at provincial, district and commune levels for improved service delivery. The ICP concentrates its efforts in the two geographic target rural areas of Bolikhamxay and Khammouane. While adopting a pro-poor approach aimed at improved service delivery capacities, the ICP will pay increased attention to specific needs of

ethnic minorities in these two provinces. Support to rural development and the health sector is also provided through the support to the UXO Lao program.

In the health sector, Luxembourg has been gradually consolidating its action to shape the Lao-Luxembourg Health Sector Support Program with a budget of EUR 16.75 million. With a geographic focus in assisting provincial and district health authorities in Bolikhamxay, Khammouane and Vientiane provinces in achieving more effective and efficient health services in accordance with national policies, strategies and plans, the programme supports the implementation of priority health programmes and further strengthening of health systems as well as its financing. In an effort to contribute to the reduction of the current infant and maternal mortality rate throughout the country, the programme will also support the implementation of the recently adopted MNCH service delivery package, which includes support for the EPI.

In addition the programme assists in the establishment and management of health technical services in five selected provinces. The programme aims also to help elaborating appropriate health care financing and insurance systems at different levels that may device the roadmap for the establishment of a universal health care coverage.

In the education sector, ICP support will concentrate on vocational training and human resource development, especially in the hotel and hospitality industry and in finance & banking. The overall development objective is to increase the adaptability of current and future generations to the profound and rapid economic transformations in Lao PDR and to combine access and inclusiveness with relevance and quality of the vocational education and training system.

In the **hotel and hospitality industry**, Luxembourg's commitment to the Lao National Tourism Authority will continue in view of strengthening further the vocational training system for tourism and will reach another level with the set up in the heart of Vientiane of a Hospitality and Tourism Training Institute which will significantly contribute to Lao PDR's economic growth and poverty alleviation via hospitality and tourism development and with an innovative approach of a public private partnership for a Hotel to be built and operated on the school site.

The ICP will keep in focus on skills and knowledge sharing program in the **finance and banking sector** in partnership with the Luxembourg Agency for Transfer of Financial Technology (ATTF). This program will focus on the priorities set out in the SEDP 2011-2015 and will respond to the needs of an emerging market economy in support of banking sector reforms, new regulatory frameworks and fast growing capital markets, and with the final aim to support Lao PDR in its efforts to join the WTO.

For the governance sector, Luxembourg and Lao PDR have agreed to join forces to strengthen the rule of law through legal University education which main beneficiaries are lecturers and students of the Faculty of Law at the Vientiane University. This project will focus on two main areas, (i) academic through the improvement of the Faculty's teaching quality and (ii) institutional and organizational capacity in the areas of management, effectiveness and sustainability through institutional strengthening and the construction of the dormitories and the main faculty building. The project will also contribute to ensure sustainability of achievements of the previous Swedish International Development Agency (SIDA) - funded support to the Faculty of Law.

### **3.3. Geographic focus**

Luxembourg will focus its support in the provinces of Vientiane, Bolikhamxay and Khammouane and in Vientiane Capital. Additionally, activities can be implemented in a limited number of other provinces.

### **3.4. Capacity building**

The majority of the total ICP budget will be spent at sub-national levels. The key concern will aim at strengthening capacities at the sub-national level by providing Technical Assistance support to provincial and district technical institutions enabling them to provide improved service delivery.

Projects and programmes will have a strong Technical Assistance component to further strengthen decentralization, participation and empowerment, considered to be key themes in the Lao national poverty targeted programs.

Human resource development activities in the education (especially vocational training) and health sectors will specifically pursue improved administrative, operational and financial management skills.

In the finance and banking sector, capacity building activities will be pursued in the form of a skills and knowledge sharing program in response of emerging economy needs.

## **CHAPTER 4: CROSS-CUTTING ISSUES**

### **4.1. Gender**

In reference to MDG 3 and 5 and to the principles of the Paris Declaration on Aid Effectiveness, which recognize the bonds between aid effectiveness, effectiveness of development and equality man-woman, the two parties take into account gender issues in all their projects and programs. The "Gender" strategy paper of the Luxembourg Cooperation is used as an orientation and the main areas of cooperation with regard to gender issues are identified during the strategic dialogue between Parties, in particular during Partnership Commissions. Gender equality will be integrated during identification, formulation, implementation and evaluation of projects and programs. Specific actions in favour of one or the other gender can be financed by Luxembourg's cooperation and the equality man-woman can be the subject of a specific evaluation.

Gender equality in Lao PDR is guaranteed in the 1991 Constitution and promoted further in a number of specific laws, most notably the 2004 Law on Women's Development and Protection. The government of the Lao PDR puts considerable efforts to encourage, promote and protect the legitimate rights and interests of Lao women in all fields: political, economic, social, cultural and family as provided for in the policy of the government, the Constitution and laws. The National Commission for the Advancement of Women (NCAW) has been established by the government of Lao PDR. The Commission chaired by a deputy prime minister has given responsibilities to the line ministries, organizations and provinces to draw up strategies and plans of action in order to mainstream gender into all sectors at the central, provincial, district and village levels under the leadership of NCAW.

All projects and programmes in the present ICP promote the implementation of these policy commitments made by the Lao PDR. Specific gender analyses will be conducted in rural/local development projects and programmes during participatory rural appraisals.

### **4.2. Governance**

In partnership with their multilateral partners and civil society and in reference to the strategy "Governance for development" of the Luxembourg Cooperation, the two parties promote during identification, formulation, implementation and evaluation of projects and programs:

- citizen's information and socio-economic and political participation, while paying an special attention with the most vulnerable groups, in particular women, children and ethnic groups;
- social and cultural dynamics likely to favour participatory processes;
- the process of decentralization, in particular through the reinforcement of local capacities and local governance;

- local and central government responsibility;
- the sustainable management of the natural resources.

Projects like Lao 023 (Rule of Law), Lao 021 Bolikhamxay livelihood improvement and governance programme) and the future Khammouane rural development program specifically favor efforts to improve governance and, more specifically public administration in order to ensure that citizens are able to fully participate in social and economic life and benefit from good quality services in health care and education.

#### **4.3. Environment and Climate Change**

In reference to the Kyoto Protocol (1997), to MDG 7 and to the Copenhagen Agreement (2009), the two parties promote policies in favour of sustainable development, safeguarding of natural resources and biodiversity, adaptation to climate change and natural disaster risk reduction. The two parties favor interventions that maximize environmental and social benefits on a local and global level. For this purpose, the strategy paper “Environment and climate change” of the Luxembourg Cooperation is taken into account during identification, formulation, implementation and evaluation of projects and programs, including in procurement. Where appropriate, environmental impact assessments will be undertaken.

The Luxembourg Cooperation can assist the Lao PDR to identify interventions which preserve natural resources and fall under the adaptation efforts to climate change. It can also support Lao PDR with regard to capacity building for institutions responsible for clean development mechanisms. Technology transfer, access to environmental information and collaboration with research centres can be under consideration for this purpose.

Protecting the environment and sustainable use of natural resources in Lao PDR is vital for poverty reduction and economic growth. Studies reveal that some 80 percent of the Gross National Product (GNP) directly derives from natural resources. Hydropower, agriculture, timber production and tourism depend to a very large extent on natural resources. Over 80% of the poor in Lao PDR live in rural areas practicing agriculture and hence completely depend on natural resources for their survival.

Climate change is a threat to both economic and human development in Lao PDR and in the region and Luxembourg supports Lao PDR's efforts for a long-term climate change strategy by supporting *inter alia* the Mekong River Commission's (MRC) Climate Change and Adaptation Initiative 2010 – 2015.

### **CHAPTER 5: PARTNERSHIP, COMPLEMENTARITY AND COHERENCE**

#### **5.1. Complementarity with other donor interventions**

Luxembourg development cooperation actively pursues complementarity by coordinating with the international donor community on a regular basis through technical working groups, missions and the annual Round Table meeting. On an EU level, in accordance with the EU Code of Conduct, Luxembourg actively participates in the development coordination meetings to ensure complementarity and pursue the division of labour agenda among EU member States and the European Union delegation.

The ICP strongly favors complementarity between its bilateral and multilateral components by engaging in partnerships with the UN system and the European Union delegation. Projects and programmes also cooperate with other bilateral donors in specific areas.

The ICP actively pursues synergies with the UN system, channeling up to 20% of its support via UN funds and programmes, in sectors and areas in which the latter have a so-called “comparative advantage”. Luxembourg development cooperation will team up with UNFPA, WHO, UNICEF and WFP in the health sector under the REACH umbrella to address Maternal and Child Health (MCH). In the area of local and rural development, Luxembourg collaborates with IFAD in order to better respond to the needs of the rural poor.

## 5.2. Partnership and progress towards harmonization

The common goals of cooperation agreed upon between the two Parties will follow the major principles of development cooperation, as defined in the Paris Declaration on Aid Effectiveness (2005), in the Accra Plan of Action (2008) and, for Luxembourg, in the Code of Conduct of the EU on Complementarity and Division of Labour in Cooperation Policy (2007):

Ownership: Activities will be in line with national policies, in particular the NSEDP and relevant sector policies. The sectors of concentration are defined in the regular dialogue between the two governments, including the Partnership Commissions.

Alignment: Activities are systematically based on requests expressed by the Lao Government, and are consistent with national policies, strategies and action plans. Special attention is paid to the reinforcement of capacities of Lao institutions, and to the use of national systems instead of parallel implementation structures.

Harmonisation: At all levels of implementation of the ICP, an improved coordination of development partners is essential. Existing coordination mechanisms will be reinforced and, as far as possible, common analyses and implementation procedures will be encouraged.

Managing for Development Results (MfDR): The ICP takes into account the MfDR strategy that focuses on using performance information to improve decision making. MfDR involves using practical tools for strategic planning, risk management, progress monitoring, and outcome evaluation. The ICP will follow in particular five principles of MfDR: (i) focusing the dialogue on results at all phases of the development process, (ii) aligning programming, monitoring, and evaluation with results, (iii) keeping measurement and reporting simple, (iv) managing for, not by, results, and (v) using results information for learning and decision making.

Delegated cooperation mechanisms and operational partnerships: Where appropriate, delegated cooperation and operational partnership agreements will be encouraged.

The Ministry of Planning and Investment acts as the principal body for guiding, coordinating and managing ODA and plays a key role in formulating, monitoring and evaluating ODA funded projects and programs within the present ICP. Regular formal and informal bilateral consultations take place in order to monitor alignment of ICP projects and programmes with national and sector policies and strategies as well as national procedures.

Luxembourg actively participates in the annual Round Table Meeting, co-chaired by MPI and the UNDP, which provides a forum for discussions between the Government of Lao PDR and its development partners on economic policy issues, strategies for reducing poverty, and ODA effectiveness.

Luxembourg also supports the Aid Effectiveness agenda in Lao PDR by actively participating in EU wide efforts in *donor mapping* and pursuing *Division of Labour* via transfer of competencies agreements with the EU.

In line with the Vientiane Declaration on Aid Effectiveness, institutional development and organisational strengthening within projects and programmes will be further developed during ICP 2011-2015. Results Based Management systems and procedures will be further enhanced to guarantee compatibility between project/programme indicators and Lao PDR Government development indicators. Furthermore, during implementation of projects and programmes, specific attention will be given to the development of output and outcome indicators for institutional development and organizational strengthening, thus providing the means to assess the performance, in terms of efficiency and effectiveness, of the Technical Assistance support provided within the different projects and programmes.

### **5.3. Analysis of policy coherence**

The parties will supervise the coherence of their national policies in order to advance the shared development objectives and in order to avoid any negative impacts on their cooperation activities. The policies concerned include trade, environment and climate change, agriculture, the social dimension of globalisation, employment and decent work, migration, research and innovation, information technologies, transport and energy. Each party will inform the other of possible inconsistencies in order to discuss possible impacts on the implementation of the ICP, in particular during the bilateral Partnership Commissions.

## **CHAPTER 6: PROGRAMMING AND MONITORING OF ICP 2011 – 2015**

### **6.1. Budgetary and financial planning**

The implementation of the program is based on an indicative amount of **50 million Euros** over a five-year period.

This budget will cover all activities decided jointly within the framework of the ICP and thus in the respect of the priorities of the NSEDP. Commitments and disbursements of the indicative budget will be equally balanced over the duration of the ICP. The indicative budget will be spent as far as possible during the years 2011-2015, but remaining activities can also be implemented beyond this date. Actual figures can be adapted over the duration of the ICP, taking into account the implementation of the ICP and the evolution of the government of Luxembourg's general development cooperation budget.

### **6.2. Monitoring and Evaluation**

The two parties will convene every other year high level Partnership Commissions to monitor the ICP. In addition, formal and non-formal consultations between MPI and the Luxembourg Development Cooperation will take place on a regular basis.

Luxembourg Development Cooperation actively participates in international donor community events to monitor the ICP in view of national and international developments and commitments.

The two parties will specifically monitor that the principles of results-based management, as promoted in the Vientiane Declaration, will be integrated in projects and programmes with the objective of gradually and fully aligning project/programme indicators to MDGs indicators. Technical staff involved in project/programme implementation will continue to benefit from results-based management training activities.

MPI and the Luxembourg Development Cooperation have made efforts to develop a more consistent approach to monitor project and programmes. A major result of these concerted efforts is an improved monitoring system of ICP projects and programmes by defining clear guidelines for Steering Committees, in line with the principles of the Vientiane Declaration. These guidelines will be applied in all projects and programmes and shall thus permit a greater coherence in monitoring bilateral projects/programmes at a central level between both Governments, while at the same time promoting local ownership and empowerment. For ease of reference the Guidelines are attached to the present ICP.

In addition the Hanoi Development Office will ensure a closer monitoring and evaluation of bilateral and multilateral projects through regular field visits.

### 6.3. Mid-Term Review

A mid-term evaluation of the ICP will be conducted to assess the success of its implementation and propose adaptation measures if needed. The mid-term evaluation is carried out by an independent consultancy company, selected after a tender process to be initiated by the Luxembourg Party. The terms of reference of the mid-term evaluation will be jointly elaborated by Luxembourg and Laos. A restitution of the mid-term evaluation will be presented to both parties at a meeting in Laos.

### 6.4. Study Fund

The Lao - Luxembourg Study and Consultancy Fund – with an indicative budget of 1% of the general ICP budget - is established to finance, in full or in part, consultancies in order to undertake studies, missions, seminars, workshops, study tours and other services in the framework of the development cooperation between Luxembourg and Lao PDR. The beneficiaries of the outcome of the consultancies will exclusively be Lao government agencies and organisations.

Vientiane, 4 March 2011

For the Government of  
the Grand Duchy of Luxembourg



Marie-Josée Jacobs  
Minister for Development Cooperation  
and Humanitarian Assistance

For the Government of  
the Lao People's Democratic Republic



Sinlavong Khouphaythoune  
Minister of Planning and Investment



## APPENDICE A: Country Assessment

During the 6<sup>th</sup> NSEDP, the annual economic growth was 7.9% (with agriculture and forestry growing by 4.1%, industry 12.5%, and services 8.4%), and GDP per capita reached US\$ 986 (2010 estimate). This brought about a shift in the composition of the GDP: the share of agriculture fell to 30% (from about 45% five years earlier), and the non-agriculture share rose to 70%. Inflation has been low, on average at single digit. *In agriculture*, rice production in 2009 stood at 2.9 million tones, and there was diversification in crop composition, with sugarcane, industrial tree plantations, corn, cassava and sweet potatoes having a visible presence, in addition to 3-5% growth in livestock and fisheries. *In the energy sector*, at the end of the 6<sup>th</sup> plan power generation capacity stood at about 1,869 Megawatts. Private investment in the power sector during the plan was about US\$ 2,996 million. More than 95% of the districts, 60% villages and 71% households now have access to electricity. In the mining and minerals sector, the value added has increased by 14% annually during the plan and its share in the GDP has risen to 9.5% from almost negligible earlier. In manufacturing, production rose at an annual average of 9.4%. The sectors that grew significantly are garments, handicraft, construction, and food processing. In services, tourism and retailing made considerable progress. On the social side, the proportion of people below the poverty line reduced to about 26% in 2007-08, a 3% fall each year since the last two decades. In the education sector, primary schools have increased, and children's enrolment rate in the age group 6-10 years increased from 84.2% in 2005 to 93% in 2009-2010. In the health sector, clean water has reached 78% of the total population, and hygienic latrines 52% of the population. *To promote social development*, the plan identified 47 priority districts, for which there were special programmes of infrastructure development, income generation and human development introduced, aimed at reducing poverty. Additionally, Kumban (village groups) planning has progressed rapidly, which has brought in a component of people's participation in development planning. The 6<sup>th</sup> NSEDP has achieved most targets it set for itself. However, the country faces many challenges for the 7<sup>th</sup> Plan. The key ones are, facilitating a more visible shift of workers from farm to non-farm sectors, scaling-up the quality of human resources, addressing environmental issues, improving the quality of governance, and having transparent management of the natural resource-based economy for the larger benefits of the Lao people. The economy also must be prepared to face the possible impact of an international economic downturn, and mitigate the impacts of climate change.

The directions of the 7<sup>th</sup> Five-Year Social-Economic Development Plan are as follows:

1. Ensure continuation of national economic growth with security, peace and stability, and maintain a GDP growth rate of at least 8% annually and GDP per capita to be at least USD 1,700 at the end of the plan.
2. Achieve the Millennium Development Goals and poverty reduction by 2015, adopt appropriate technology and skills, and create favourable conditions for graduating the country from LDC status by 2020.
3. Ensure sustainability of development by emphasising on the links and balances between economic development, cultural and social progress, natural resources preservation, and environmental protection.
4. Ensure political stability, peace and an orderly society.

## APPENDICE B: Sector Analyses

### ❖ Rural development and poverty reduction

- **Directions:**

- + Between 2011 and 2015, poor villages and Kumbans all over the country will be the main targets and priority for rural development and poverty reduction.
- + Develop rural areas in accordance with the four contents and four targets, along with investment and cooperation from investment companies interested in investing in a particular area.
- + Effort will be made to develop rural areas sustainably by ensuring sustainability of natural resources, developing green zones, and having a pollution-free environment.

- **Targets:**

- Decrease poverty to less than 19% of the total population and 11% of total households in the country by 2015.
- More than half the villages to become 'development villages' (according to four contents and four targets), and to urbanise Kumbans for them to become small town centres (at least 1-2 Kumbans per district).
- Continue conducting participatory planning at village, Kumban and district levels and scaling up the poverty development funds to cover three times the current number of villages and Kumbans, to implement poverty reduction projects effectively.
- Continue the activities of the Poverty Reduction Fund in the most efficient way, and expand its coverage by three times.
- Expand electricity in rural areas, covering 80% of the rural population.
- Include social protection in the plan's agenda more centrally.

- **Measures:**

- Continue to relocate government experts to help work at the grass roots level within the Kumban development context (four contents and targets) for strengthening the capacity and leadership of local government officials for planning and implementation poverty reduction and rural development programmes.
- Administratively restructure rural development and poverty reduction agencies to strengthen their institutional capacities, all along from the central level to the grassroots, in management, monitoring, reporting and leadership. Gender should form a part of advocacy, sensitisation and strengthening institutional capacity building.

- Analyse appropriate rules and mechanisms for implementing policies regarding tax, customs and credit, adequate mobilisation and utilisation of local resources, capitalisation of assets, and other relevant policies for poor districts, historical areas, remote and mountainous areas as well as ethnic people not in poor districts.
- Translate rural development and poverty eradication programmes into projects (aligned with MDG interventions), using funds from the government, international assistance, and FDI.

### ❖ Health and Nutrition

#### **Health Development**

- **Directions**

To focus on improving conditions for people to be physically and mentally healthy and be capable of engaging in their economic and social activities; to create conditions for them to be able to access health-services and receive quality care; to attain equality in receiving health services among people; and to balance the improvement of hygienic for disease protection activities and health promotion.

- **Targets:**

- To decrease maternal mortality ratio, so that it is no more than 260 per 100,000 live births;
- To decrease the infant mortality to 45 per 1,000 live births;
- To decrease under-five child mortality ratio to 70 per 1,000 live births;
- 80% of total population to have access to potable water;
- 60% of total population to have and use latrines;
- To decrease the proportion of underweight children age under five years to 20%;
- To decrease the proportion of stunted children under five years to 34%;
- To control malaria, tuberculosis and HIV/AIDS, to MDG standards.

- **Programmes and focused projects**

Focus on six programmes and some main projects, including a project on controlling malaria, dengue and parasite, costing 246.5 billion Kip; project on maternal health care promotion, costing 123.25 billion Kip; project on children's health care promotion, costing 420.21 billion Kip; project on construction of health infrastructure, costing 55.45 billion Kip; and project on health service quality upgradation, costing 52.1 billion Kip, among others.

- **Measures:**
  - To make use of modern techniques and technologies in health services;
  - To continue setting up mobile medical treatment units to reach rural areas, at least four times in a year in order to assist poor communities in each village, especially areas that have high risks of illness and high maternal and infant mortality rates;
  - To increase the ability of disease prevention and enhance the quality of treatment at hospitals at every level;
  - To continue strengthening the capacity, knowledge and skills of doctors, and particularly female midwives and skilled birth attendants at the local levels;
  - To strengthen health centres for treating tuberculosis, malaria etc. Additionally, increase surveillance and spread information for controlling HIV/AIDS.

## **Nutrition Development**

- **Directions**
  - It is important to ensure adequate best nutrition and capacious food security for the Lao people, to achieve the Millennium Development Goals.
- **Targets:**
  - To decrease the proportion of stunted children under five years to 34%;
  - To decrease the proportion of under-five child mortality to 4%;
  - To decrease the proportion of children under five, suffering from anaemia, to 30%;
  - To decrease anaemia among women in the reproductive age to 30%;
  - To include nutrition within the context of poverty reduction and strengthening food security.
- **Measures:**
  - To encourage scientific research for improving the capacity in the areas of drug and food safety.
  - To attract investment in food production and nutrition sector, for the implementation of planned activities.
  - To increase the awareness of three hygienic principles (in eating, drinking water, and habitat) among Lao people, for practice in daily life.
  - To integrate nutrition in the health and education systems.

## **❖ Education and Human Resource Development**

- **Directions**
  - Educational development from now until 2015 aims to ensure continuous increase of quantity and quality of education, continue national education system reforms, and ensure improvement of education in three areas: physical, intellectual and social behaviour, in the national as well as contemporary concepts. To develop human resources in a variety of fields for people to become skilled workers, mechanics, technicians, engineers, managers,

executives and others, for them to have secure jobs and be able to compete in the labour market.

- **Targets:**

- To increase the primary school net enrolment rate to 98% by 2015;
- To increase the total enrolment at the secondary school level to 75% by 2015;
- To achieve 75% upper secondary school students enrolment by 2015;
- To create a favourable environment to reduce illiteracy among citizens of age 15-24 years, so that literacy rises to 99% by 2015;
- To reduce the illiteracy of citizens, age more than 15 years to 87% by 2015;
- To build at least three vocational training schools in cities having high economic potential and growth;
- To organise regular training for government staff at central and local levels.

- **Programmes and focussed projects**

To achieve the goals and targets, it is required to implement three programmes, namely, programmes on expanding educational opportunity, programmes on improving educational quality, and a programme on improving educational administration. Some main projects include: basic education development project, costing 170 billion Kip; national educational reform project, costing 127.5 billion Kip; educational technology development project, costing 450.5 billion Kip; project on establishing a university in Savannakhet (construction and renovation costs: 233.75 billion Kip); vocational education improvement and expansion project, costing 285.77 billion Kip, and strengthening tertiary education project, costing 357 billion Kip, among others.

- **Measures:**

- To increase investment in the educational sector to 18% of the total budget expenditure through mobilizing funds from various sources.
- To formulate policies that support talented people to become scientists and competent managers.
- To expand upper secondary schools, vocational and technical schools and universities according to the plan, and to encourage scientific studies, foreign languages and new technologies, to meet development needs.
- To create and increase educational opportunities in remote areas for children, especially the poor, female, ethnics, and disabled children.
- To provide special attention in education to the socially disadvantaged children and backward areas and girl children.
- To link education with nutrition for establishing synergies between health, nutrition and education.

## ❖ Tourism

- **Directions**

Expand and strengthen the tourism sector and its contribution to the promotion and distribution of the country's goods and services. Develop natural, cultural and historical tourist sites and attractions, and promote eco-tourism, ensuring sustainability through people's participation.

- **Targets:**

By 2015, the aim is to have more than 2.8 million tourists. This activity is expected to generate revenues of about USD 350 million per year. The aim is to have 300 hotels in the country and explore the natural, cultural and historical attractions. Additionally, the country is to have two world heritage sites and 29 national heritage sites.

- **Measures:**

- Develop tourism sites and facilities systematically between villages, districts and provinces nationwide, with detailed tourism programmes and improve existing sites to meet acceptable standards.
- Ensure that tourists have access to travel information; encourage people who live in tourism areas to produce domestic products; and build clean and quality accommodation and services.
- Improve tourism services for them to attain higher quality, through facilitating in-coming and out-going services.
- Provide incentives to handicraft and hotel sectors for attracting tourists.

## ❖ Public Finance and Banking

- **Public Finance:**

- **Directions**

To strengthen the fiscal and monetary policy to effectively enhance the macroeconomic management and stability, increase both domestic and external revenues, and efficiently use such revenue to further reduce the budget deficit.

- **Targets:**

- Total revenue of more than 18-20% of GDP.
- Public expenditure at a level of 20-22% of GDP; average increase each year being 0.2-0.25% of GDP.
- Budget deficit to do not exceed 3-5% of GDP.
- Public investment is aimed at more than 9.5% of GDP by 2015 (while private investment will cover the bulk of total investment -22%-).

- **Measures:**

- To strictly implement the Budget Law No. 02/NA, Dated 26 December 2006 and financial regulations; and take any necessary financial measures to mitigate the impacts of external factor effects;
- To enhance coordination between line ministries, concerned agencies, and local authorities in financial supervision;
- Advocate for, and upgrade the knowledge related to financial regulation for the businesses, through provision of regular trainings.

- **Banking**

- **Directions**

To ensure stability of the national currency and contribute to reach socio-economic development targets.

- **Targets:**

- To increase bank deposits by approximately 25.6% per year, for these to be about 39.5% of GDP by 2015.
- To increase commercial loans by 22.9% per year (and reach 32.9% of GDP) .
- To secure sufficient foreign reserves to cover imports for six months or more.
- To ensure adequate loans to SMEs and rural areas, even though this can best be done in a phased manner.

- **Measures:**

- To improve private banking regulation and financial institution supervision through application of advanced technologies, in harmony with the global financial environment.
- To strengthen and ensure stability in the banking system, and develop a sustainable capital market, integrated and connected to the international markets.
- To develop a capital market that commands credibility and confidence. It should become a place to attract investments, directs resource mobilisation, and becomes a long-term funding resource for Lao PDR's development.
- Develop means to make institutional finance accessible to those who have not availed of this facility until so far.

## ❖ Public sector development

In order to achieve the socio-economic development as planned, the state shall play a leading role in managing the national economy in conformity with the laid down laws and regulations, to develop the economy and community as per the set guidelines and goals. It will ensure the enforcement of these efficiently, guarantee sustainable and secure socioeconomic development, ensure equality and fairness in the development process, and help reduce the gap between the rich and the poor, urban and rural areas, and regions.

### 1. **Strengthening government authority representative agencies and enhancing people participation**

- **Direction:**

Improve state's justice representative agencies and ensure that people, esp. ethnic people, truly receive benefits; actively create a bridge between the justice system and actual benefits accruing to people; and expand people's participation in the monitoring and evaluation of public administration and public organizations.

- **Main targets:**

- Improve the organisational structure of government authority representative agencies, maximise benefits to the ethnic people, and ensure that human resources are available in both, quantity and quality.
- Formulate and improve comprehensively, the civil law, laws related to economic issues, criminal law, law on territory, socio-cultural law, and law on resources and environment. The aim is also to relate these laws with international agreements that Lao PDR takes part in.
- Improve and make the justice system transparent, so that justice truly prevails in the society, the state's authority is genuine, and there is no corruption.
- Promote and develop equality in terms of gender and race, and focus especially on gender equality among public personnel, and in the entire society.

- **Measures:**

- Improve coordination mechanisms, rules and principles, especially strengthen coordination between the National Assembly, government agencies and other related organizations.
- Promote initiatives and participation of the social organisations, community and people at large, in order to ensure efficiency in plan implementation and achieving strategic goals and targets.
- Expand participatory approach in every government organisation to conduct monitoring and evaluation at all levels.



## **2. Public Administration Development**

### **– Direction**

Improve legislation system and simplify public administration rules and regulation, by shortening administrative procedures of both central and local level administration in order to ensure effective implementation, improve a human resource management system and make it universal system for all government offices across the country. Produce and upgrade government officers to ensure both quantity and quality available for the national development process.

### **– Main targets**

- Improve laws of the government, law on local authority, personnel laws and other regulation and develop them to become firm references for social administration.
- Improve organisational structure of the government and local authority to become more simplified and more rationale; actively use modern technology and innovative approaches in the administration work.
- Attempt to develop training curricula and organise trainings for administrators at district and village level regularly.
- Improve public organisational structure and improve local authority to resolve a problem of overlapping tasks between line ministries, government organisations at central and local levels.

### **– Measures**

- Formulate some new laws and legislations as necessary in order to serve public administration: laws on capital cities of provinces, laws on public human resource management, decree on government officers and decree on merits of the government officers.
- Develop and improve stability in public organisational structure through rearrangement and reorganization in some ministries and agencies as appropriate.
- Attempt to develop knowledge and skills for the government officers at all levels through establishment of public human resource management strategy and training and personnel strengthening strategy in order to respond to the demand of the national socio-development process.

## **3. Laws and legal system development**

- Legal system development

**[1]. Direction:**

Continue to improve the quality of the legal and justice sector through ensuring political and ethical standards for the attorneys. Effort will also be made to increase the number of attorneys at all levels. Focus will be on research and improvement of laws and legislations that have already been enforced, for them to be compliant with the NSEDP; and formulate some new laws and legislations as necessary to serve national developments.

**[2]. Key targets:**

- Increase low-grade lawyers to 5,000, middle-grade to 3,000, undergraduate to 2,500, Ph.D holders to 4-6 and post-graduate based on the actual capacity;
- By 2015, increase lawyers at local courts by 800, and equip the district justice office with 7-11 staff;
- 60% of all court orders should have been implemented at any time.

**[3]. Measures:**

Improve civil, economic and consitutional laws, and improve the administration; improve the coordination mechanism between the justice sector and others; implement court orders and economic dispute settlement mechanisms judiciously, and enhance village justice systems, to serve the market economic system under a socialistic order.

- Law enforcement

***People's Court***

**[1] Guidelines**

The aim is to create opportunities for the population to get access to justice and enjoy their fundamental rights, develop courts to assure transparency and fairness, and guarantee enforcement of law in foreign cooperation under the principle of mutual interest.

**[2] Main targets**

Develop the judicial system to move closer to regional and international standards; make the judicial system more transparent; establish an integrated system of administrative courts, labour courts and children's courts; and train staff.

**[3] Measures**

Improve the organisation, lay down regulations for implementing the law, create and strengthen technical infrastructure in courts; develop research institutions and training centres for them to provide vocational training to judges, clerks and others; and study the flow of legal information between Lao PDR and regional and international levels.

***Prosecutor***

**[1] Guidelines**

The aim is to implement and disseminate (amended) laws on people's prosecutors, transform the master plan on legal development into work plans and programmes, and to follow the party's line:

“s/he who commits an offense must be punished and who does not violate the law shall not be punished”. Attention will be paid to monitor enforcement of laws and strengthen the organisation and administration.

## **[2] Main targets**

1) *Reorganisation and settlement of cases*: The aim is to strengthen the apparatus to be secure and efficient and quickly settle cases and restructure the prosecutor at the zone and regional levels to allow the latter functions according to the law. It is proposed to resolve up to 90% of the remaining and new cases.

2) *Human resource development*: Formulate a policy and train staff, check supreme prosecutor’s qualifications, virtues (chaliyatham) and merits (chanhyaban); train staff on technical skills to guarantee continuity of work with emphasis on producing curricula and training programmes for the administration, personnel, and assistants to the prosecutor.

3) *Equipment and information*: Provide necessary equipment to facilitate settlement of cases; build infrastructure in the office of the people’s prosecutor at all levels; and create an ambience for access to information on the prosecutor’s work by the people, and additionally be able to link up with the region.

## **[3] Measures**

Set up monitoring and control mechanisms to track activities of the prosecutor’s staff (e.g. feedback from community); issue instructions regarding law enforcement by officers in charge of investigation; and coordinate with all concerned sectors to improve regulations and instructions regarding administration, monitoring and control of law enforcement.

## ***Lawyers***

### **[1]. Direction**

Improve the quality of work of lawyers and legal consultants, increase opportunity for all to be able to access justice and their rights, provide protection through dissemination of laws and consultation, and assign consultants to deal with cases for enhancing the ‘teeth’ of the law.

### **[2]. Main targets**

Provide legal assistance to the poor without payment; have lawyer-training curricula at the vocational level; organise biannual training programmes for lawyers; establish non-profit organisations on legal assistance; and create a law of lawyers, to be effective by 2011.

### **[3]. Measures**

Organise training programmes for lawyers to enhance their technical capacities to impart social justice; increase legal services for people to access to justice; and raise comprehensive knowledge on laws and regulations, and the role of the Lawyer’s Council.