

**Lao PDR Systematic Country Diagnostic – Summary of discussions
Consultation workshop with Development Partners, 26 February 2016**

The World Bank Group (WBG) met with 21 representatives of the Development Partners in Vientiane on February 26th, 2016 to exchange views and perceptions on Lao PDR’s development opportunities and pressing challenges. The discussions focused on three guiding questions:

- What are the key challenges for Lao PDR to address in the next 4 years?
- What are the main development opportunities for Lao PDR in the next 4 years?
- Are the development pathways presented earlier realistic and achievable in the next 4 years? What policies, reforms and investments will be most important?

Main sectors of concern: (i) Health and Education; (ii) Ethnic Minorities; (iii) Business Environment; (iv) Institutions and Governance.

Comments from Stakeholders
<p>Health and Education:</p> <ul style="list-style-type: none"> - Stunting alone costs \$97 million annually to the country. Children cannot go to school and learn effectively without a proper nutrition. - Education and health are direct investments for national development, they are not expenditures. - Analysis should link stunting to income generation / rural employment, as they are closely correlated. - Better educated farmers: what exactly are we talking about, what subjects matter? How to target better educated farmers? - Strong beliefs in traditional medicine – could explain the low utilization of health services available in the country. - Very difficult to get the right allocation for education in the national budget, but even when we get a figure, not sure to actually get that money at the end. - Many investors in Laos are bringing their own labor (ex from Vietnam) because people are not skilled enough to work in the non-resource sector.
<p>Ethnic minorities</p> <ul style="list-style-type: none"> - Laos has more minorities than any other country in the region. More analysis on ethnic minorities would be needed. - Need to take into account ethnic diversity: explains health differences, but also problems in the education sector. - Example: high teenage pregnancy among Hmong communities. Services are available but why aren’t they used? Lack of availability, quality?
<p>Business environment:</p> <ul style="list-style-type: none"> - All private sector should bear its social responsibilities. Ex: future firms that enter the market will be obliged to build WASH facilities in the villages they are active. - Difficult business environment – labor law enforcement is not good. - Skills will only get you so far, if you don’t have businesses to provide jobs, people will migrate to Thailand or other neighboring countries. - When big firms come, they train their work force – skills are not such a problem. But the business environment is bad – complicated to get in the market.

Comments from Stakeholders

Institutions and governance:

- Today: lack of coordination between ministries regarding overall service delivery package, DPs have a big role to play to support coordination.
- Rule of Law and transparency need to be strong in order to sustainably manage the natural resources.
- DPs need to support and focus more on Government planning and budgeting.

Gender and Human Rights:

- Poverty numbers: Female headed households are better off than male headed households.
- How has gender equality evolved in the last years?
- The only governance indicator getting worse in Laos over the last years is ‘voice and accountability’. How can civil society be strengthened? How to strengthen Human Rights to improve inclusiveness of growth?

Connectivity and regional integration

- Landlocked to landlinked?
- Export share of GDP is low in Laos compared to other countries
- Surrounding countries are doing much better than Laos. What are the reasons?
- AEC in place – some people in the GoL are willing to listen to policy advice on business environment and regional integration.

Budget and revenues:

- Support GoL on Public Finance Management to increase revenues
- What are the real expenditures in social sectors? How the GoL can allocate more effectively their resources to social services?

Agriculture and rural development:

- There is no government comprehensive strategy in place to improve the productivity in agriculture

Diversification of economy:

- Agriculture and eco-tourism are good and often mentioned. But we should think about other concrete industries / opportunities to further help diversify the economy.

Migration:

- Rural-urban migration and cross border migration analysis is missing

Data:

- Access to good quality data and statistics is difficult - figures available are not always reliable.