

**Lao PDR Systematic Country Diagnostic – Summary of discussions  
Consultation workshop with Provincial Governments – South Zone, 9 March 2016**

The World Bank Group (WBG) met with 44 representatives of the Provincial Governments from the South Zone<sup>1</sup> in Pakse on March 9<sup>th</sup>, 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) Agriculture and rural development; (ii) Education and skills; (iii) Health and nutrition; (iv) Inclusion.

**Comments from Stakeholders**

**Agriculture and rural development:**

- Shift from natural resources depletion to agriculture development. Have livelihoods not only dependent on destroying forest , but also need economic cash crops.
- Droughts and irrigation for agriculture are an issue – not good water management.
- Issue is to provide access to markets for agriculture production. People can produce but are not guaranteed to be able to sell their products (to domestic or export markets). Ex: projects that help people to grow pigs, but then they have no access to markets – this is not a holistic / sustainable approach to development.
- Need to increase quality of agriculture products, transition from subsistence agriculture to commercial agriculture in order to export – support short term training and improve technology, ex on vegetable cultivation. Ex: Paksong region is good for agriculture, good soil but uses too much pesticide so not organic/good quality farming.
- Need to build a “Lao brand” to be synonymous with good quality and organic agriculture. But this requires ability to meet standards (laboratories, qualifications) and find niche markets. Need certification system for organic and clean products from Laos.
- One product – one district (OTOP): in order to specialize production per district.
- We cannot improve development because people have not good understanding of how to grow crops – thus no profits. We need to train them.

**Education and skills:**

- Illiteracy was very high in 1975 (90%) – today: big improvements but skills are still an issue.
- 2016-2020 education plan: improve quality of education and compulsory lower secondary for all.
- Improve training and education, not limited at grassroots level but also at macro level.
- Get balance in workforce not to be concentrated in one sector only. Need HR development in line with labor market needs
- Very low quality of education. Ex: graduates from secondary school in Attapeu – only 2 people from 200 passed the health college admission exam.

<sup>1</sup> Provinces of Champassak, Savannakhet, Salavan, Sekong, Attapeu

### Comments from Stakeholders

**Health and nutrition:**

- For Champasak province: stunting target 34% (today at 37%). Also targets for mortality rates, immunization. Province only gets 36 million kip for reduction of maternal and child mortality. Need more funding in this sector.
- Many challenges regarding: immunization and prevention of diseases, promotion of health care (maternal and child mortality rates are very high); family planning and birth control – because of traditions and norms, people don't practice family planning, this also increases mortality rates.
- Hygiene and sanitation are an issue in remote areas.
- Need to improve quality of health facilities, need equipment, as well as qualified health workers. Very few workers are present and the ones there don't have good skills.
- Need education and infrastructure in order for people to take good care of their health and have access to services.

**Inclusion:**

- High GDP growth but not much difference for people at grassroots level – not reflected on income of people. In remote areas, people don't have any incomes or revenues.
- Poverty reduction: Today poverty around 40% in Southern provinces. Target for Sekong by 2020: poverty rate of 10%.
- Vulnerability: LECS surveys have increased the level of the poverty line (from 80.000 to 130.000 kip per month) so that could explain partly why people are considered as 'falling back into poverty'.
- Women, particularly in remote areas and ethnic minorities, are poorer, cannot access to information, lack education, cannot get good jobs. Need to support women empowerment.

**Institutions and governance:**

- Would have been good to have this consultation before the development of the 8<sup>th</sup> NSEDP in order to incorporate suggestions and comments.
- Align provincial plans with 8<sup>th</sup> NSEDP – specific targets per province.
- Rule of Law: good laws and policies exist but no enforcement. Example: enforcement of new law on environment - Strategic Environmental Assessment can't be done anywhere in the country for SMEs, so cannot control their pollution levels.

**Natural resources:**

- Many people still live inside Natural Protected Areas. Try to introduce them to other livelihoods like service and industry so they don't need to live on timber anymore, stop depletion.
- Many resources from mining (ex: gold) get out illegally of the country.
- Laos only exports timber logs – should have processing industries to have added value, avoid exporting raw materials.

**Non-resource sectors:**

- Need to develop more SMEs in Laos, as they are the bulk of the private sector.
- Promote eco-tourism: good opportunities because share borders with several countries.
- Develop Pakse district as trade corridor and investment hub for Southern Laos.
- Handicrafts: because of lack of technology and skills, we use too much raw material and not as good quality as in Thailand.

**Comments from Stakeholders****Regional Integration:**

- With the AEC, we are starting to enforce standards for good agriculture practices. But lack of dissemination and people don't know the new regulations.
- Need laboratories to check quality of imports and also for exports to be up to standards – in order to compete with neighboring countries.
- Need to participate in international exhibitions – but lack of funding.

**Access to finance**

- Problem of access to credit for poor people in rural areas. People don't want to take big loans, just small loans to cover health shocks. Have village banks to move closer to people.

**Budget and Revenues:**

- Sekong province only receives 1.5% of total annual budget allocations - 45 million kip per year. The Province cannot do much with such low allocation.

**Infrastructure:**

- Lack of infrastructure in rural areas. Build roads to production areas and cluster villages.