

No.

PLANET

The Study on the Integrated Regional Development Plan for the Savannakhet and Khammouan Region in the Lao PDR and the Northeastern Border Region in the Kingdom of Thailand

Japan International Cooperation Agency
Committee for Planning and Cooperation
Lao People's Democratic Republic

The Study on the Integrated Regional Development Plan for the Savannakhet and Khammouan Region in the Lao People's Democratic Republic

Final Report Summary

September 2001

KRI International

S S F

International Development Center of Japan

JR

Pacific Consultants International

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Currency Equivalents
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January to September in 1999)

US\$1 = 7,700 Kip
(Unless otherwise specified)

Preface

In response to the request from the Government of the Lao People's Democratic Republic, the Government of Japan decided to conduct the Study on the Integrated Regional Development Plan for the Savannakhet and Khammouan Region in the Lao PDR, and entrusted the study to the Japan International Cooperation Agency (JICA).

JICA sent a study team which was headed by Dr. Jinichiro Yabuta of International Development Center of Japan and Mr. Hajime Koizumi of KRI International to the Lao PDR from March 2000 to August 2001.

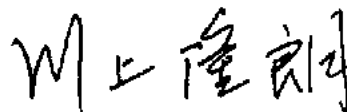
The team held discussions with the officials of the Lao Government, and conducted field surveys. After the team returned to Japan, further studies and analysis were made and this report was prepared.

In parallel with this study, JICA undertook the Study on the Integrated Regional Development Plan for Northeastern Border Region (NBR) in the Kingdom of Thailand, which is facing with the Savannakhet and Khammouan Region (SKR) over the Mekong, in response to request from the Government of the Kingdom of Thailand. Two studies on SKR and NBR together aimed at promoting development of not only respective regions but cooperation between the two regions.

I hope that this report will contribute to the development of the Savannakhet and Khammouan Region and enhancement of friendly relations between the Lao PDR and Japan.

I wish to express my sincere appreciation to the officials concerned of the Lao Government for their close cooperation extended to the team.

September 2001



Takao Kawakami

President

Japan International Cooperation Agency

September 2001

Mr. Takao Kawakami
President
Japan International Cooperation Agency
Tokyo, Japan

Dear Mr. Kawakami

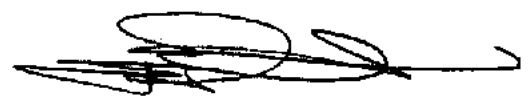
Letter of Transmittal

We are pleased to submit to you the final report of the Study on the Integrated Regional Development Plan for the Savannakhet and Khammouan Region in the Lao PDR. The report contains our studies on the present condition of the region as well as the surrounding international environment, analysis of the underlying conditions affecting further regional development based on the regional resources, formulation of a masterplan and development programs/projects for implementation of the masterplan.

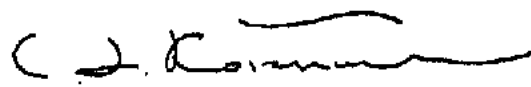
This report presents 57 projects in the masterplan. Among them, the five most important projects are listed as priority projects for their earliest implementation.

We wish to take this opportunity to express our sincere gratitude to your Agency and the Ministry of Foreign Affairs. We also wish to express our deep gratitude to the Committee for Planning and Cooperation of the Lao PDR and other authorities concerned for their close cooperation and assistance extended to us during our study.

Very truly yours,



Jinichiro Yabuta
Project Manager /
Cross National Development Team Leader



Hajime Koizumi
SKR Team Leader

The Study on the Integrated Regional Development Plan for the Savannakhet and Khammouan Region in the Lao PDR

LAO PEOPLE'S DEMOCRATIC REPUBLIC



**THE STUDY
ON
THE INTEGRATED REGIONAL DEVELOPMENT PLAN
FOR
SAVANNAKHET AND KHAMMOUAN REGION**

SUMMARY

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1 INTRODUCTION

Background

Lao PDR has been actively promoting development programs planned for the Greater Mekong Sub-region (GMS). The development concept of GMS is to apply an area-wise or regional development approach to GMS, promoting networks among the six Mekong riparian countries. As one of the spearhead GMS programs, the East-West Corridor has been designed and some of its component projects are being implemented. This Corridor runs through Savannakhet Province. The Corridor will become more effective when an area development approach is applied to development planning in Savannakhet and Khammouan Region (SKR). With this background, the Study on the Integrated Regional Development Plan for SKR has been conducted jointly by the State Planning Committee (SPC) and the JICA Study Team.

Study Objectives

This study has been executed with the following objectives:

- (i) To draw up a regional development master plan towards the year 2020, in view of the region's relationship with GMS and its linkage with the cross-border region of Thailand;
- (ii) To prepare a phased plan of action to implement the regional development master plan ;
- (iii) To carry out a preliminary feasibility level study on a couple of key programs of the master plan; and
- (iv) To pursue technology transfer and/or information dissemination to counterpart personnel, regional planners, stakeholders and others.

This study is the first development study for which the regional development approach has been adopted in Lao PDR.

Study Execution

For the execution of this study, JICA organized the Study Team consisting of three sub-teams; i.e.,

SKR Study Team	For the study in Savannakhet and Khammouan provinces
NBR Study Team	For the study in Mukdahan, Nakhon Phanom, Sakon Nakhon and Kalasin provinces in Thailand
Cross National Team	For the study on the cross national development issues.

This Report presents the final results of studies conducted by the SKR Study Team during the period from March 2000 to September 2001. The reports of the Cross National Team and NBR Study Team are compiled and submitted separately.

2 SAVANNAKHET AND KHAMMOUAN REGION (SKR)

SKR Study Area

The Savannakhet and Khammouan Region (SKR) is located in the central part of Lao PDR, bounded to the east by Vietnam and to the west by Thailand. The Mekong river runs along the border with Thailand. SKR has a total land area of 38,089 km² (21,774 km² in Savannakhet and 16,315 km² in Khammouan). Administratively, SKR consists of 15 districts in Savannakhet and 9 districts in Khammouan.

SKR has a total wooded area of 81.5%, including the current forest area of 49.7% and potential forest area of 28.2%. The current forest area has decreased from 59.1% in 1982, 55.6% in 1990 to 49.7% in 2000.

SKR is rich in flora and fauna, and the seven National Biodiversity Conservation Areas (NBCAs) are designated (totaling about 1 million ha), and all production activity is officially prohibited in NBCAs.

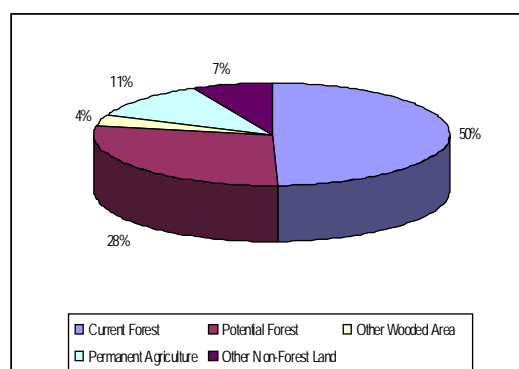


Figure S-1 Current Land Use in SKR

SKR People

SKR has a total population estimated to be 1.07 million in 2000, or about 20.5% of the total population in Lao PDR. Nearly 86% of the SKR population live in the rural areas. Lao Loum (Lowland Lao) is the majority ethnic group, while Lao Theung dominant villages extend mainly to the eastern mountainous zone. A large portion of SKR villages are not accessible by all-weather roads, and there still remain many villages that have no road access. About 31% of villages in Savannakhet and 35% in Khammouan are without school. The percentage of villages with a health center is 9% in Savannakhet and 48% in Khammouan.

SKR Economy

The SKR's Gross Regional Product (GRP) amounted to about Kip1,900 billion in 1998. Agriculture is the major economic activity, accounting for nearly 64% of GRP. The service sector contributes about 21% of GRP. About 90% of trades in Savannakhet are transit goods.

Table S-1 GDP/GRP by Sector

(Billion Kip, 1998, at 1999 price)

	Lao PDR	Savannakhet	Khammouan
GRP, GPP (Billion Kip)	9,550	1,107	797
AGRICULTURE	5,122	665	547
INDUSTRY	2,163	117	175
SERVICES	2,265	324	75
% Share in GDP, GPP	100%	12%	8%
AGRICULTURE	54%	60%	68%
INDUSTRY	22%	11%	22%
SERVICES	24%	29%	9%
Population (persons)	4,970,000	730,000	290,000
Share of Province	100%	15%	6%

Source: Study team estimate based on Basic Statistics (Savannakhet Province, Khammouan Province, and Lao PDR) 1998

SKR produced 582,800 tons of rice in the cropped area of 178,600 ha. The rice balance (provincial demand vs. production) is surplus in both provinces. Livestock is also an important agricultural activity in SKR. The population of cattle was about 269,000 heads.

Table S-2 Cropped Area and Production in SKR (1999)

	Lao PDR		Savannakhet		Khammouan	
	Area (ha)	Production (ton)	Area (ha)	Production (ton)	Area (ha)	Production (ton)
(1) Rice (Paddy)	718,100	2,094,00	127,800	420,200	50,800	162,600
Season rice	477,500	--	103,400	--	42,800	--
Irrigated rice	87,000	--	20,200	--	6,700	--
Upland rice	153,600	--	4,200	--	1,300	--
(2) Maize	40,730	96,110	2,985	6,120	690	1,720
(3) Starchy roots	13,050	80,600	1,500	8,800	300	1,800
(4) Peanuts	13,110	13,130	920	900	30	28
(5) Tobacco	4,295	23,350	570	2,815	790	4,470
(6) Sugar cane	4,730	173,600	60	1,500	150	3,750

Source: Basic Statistics of Lao PDR 1975-2000

Although Savannakhet has the largest number of industry-handicraft establishments in the country, they are mostly "small" establishments. Many of them are wood related, followed by garment products and food processing. Nearly 90% of trades in Savannakhet are transit commodity flow.

Approximately 37% of people in Savannakhet and 40% in Khammouan are reported to be below the poverty line in a 1997-98 survey. GDP per capita in SKR is estimated to be about US\$320 in 2000.

Major Constraints

SKR has a variety of constraints on integrated social and economic development, as well as some environmental limitations. Major constraints and limitations are:

Social

- (i) The population growth rate is still relatively high (2.8% in 2000),
- (ii) The available social services are quite limited,
- (iii) Qualified manpower is in short supply, and
- (iv) Social integration is not well advanced.

Economic

- (i) Farmers depend on a single crop of rice and productivity is low,
- (ii) The subsistence economy still prevails in the eastern zones,
- (iii) Accumulation of capital and know-how is low, and
- (iv) There has been a lack of entrepreneurship and motivations.

Environmental

- (i) Shifting cultivation still prevails in the mountainous zone,
- (ii) Large forest areas should be protected as a global asset, and
- (iii) The UXO impacted area extends widely in the eastern zones.