Strategic Study on Laos Pilot Program for Narrowing the Development Gap toward ASEAN Integration:
A Proposed Outline

INCEPTION WORKSHOP

Vientiane
August 28, 2009

Dr. Jinichiro Yabuta
JICA Study Team
Lao PDR in the ASEAN Region
ASEAN Integration Process and LPP

Roadmap for ASEAN Community

Mechanisms of Trilateral Cooperation

Strategic Study

Laos Pilot Program

APSC Blueprint

AEC Blueprint

ASCC Blueprint

IAI 2

Realization of ASEAN Community

Programs for other countries
Framework of LPP

ASEAN

Other Member States as Beneficiaries/Resources

Laos

ASEAN Secretariat

JICA
Objectives of the Strategic Study

- Setting up a Basic Concept of LPP in the context of Lao National Plan and ASEAN Regional Integration
- Identifying Direction and Fields of Cooperation
- Calling for Actors in LPP
Disparity: A Characteristic of ASEAN Region

Mortality Rate of those less than 5 years old in 2007 (per 1000 persons)

- Myanmar
- Cambodia
- Lao PDR
- Philippines
- Indonesia
- Vietnam
- Thailand
- Malaysia
- Singapore

Ln (GDP per Capita in 2008; USD)

ASEAN (7.9 = USD 2,581)
Diversities: Other Characteristics of ASEAN Region

- Society: Predominantly rural and predominantly urban
- Economy: Government-based and market-based
- Environment: Environmentally rich country and environmentally poor country
- Religion/Culture: Buddhism, Confucianism, Christianity, Hindu and Islamic
Future Prospects of the ASEAN Economy

Import Amount
Million USD

<table>
<thead>
<tr>
<th>Year</th>
<th>ASEAN Total</th>
<th>Intra-ASEAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1995</td>
<td>100,000</td>
<td>0</td>
</tr>
<tr>
<td>2000</td>
<td>250,000</td>
<td>0</td>
</tr>
<tr>
<td>2005</td>
<td>350,000</td>
<td>0</td>
</tr>
<tr>
<td>2010</td>
<td>500,000</td>
<td>0</td>
</tr>
<tr>
<td>2015</td>
<td>700,000</td>
<td>0</td>
</tr>
<tr>
<td>2020</td>
<td>1,000,000</td>
<td>0</td>
</tr>
</tbody>
</table>
Geographic Implication and Connectivity: ASEAN Economic Integration
Key Factors to the Success of ASEAN Integration

- Integration with Diversity
- Single Market
- Smaller Gaps in Human and Institutional Capacities
### SWOT of Lao PDR in ASEAN Region: A Synthesis

<table>
<thead>
<tr>
<th>Strength</th>
<th>Opportunity</th>
<th>Threat</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Rich natural and cultural tourism resources</td>
<td>XXX</td>
<td>XXX</td>
</tr>
<tr>
<td>2) Agricultural, forestry and power generation potentials</td>
<td>XXX</td>
<td>XXX</td>
</tr>
<tr>
<td>3) Rich mining resources</td>
<td>XXX</td>
<td>XXX</td>
</tr>
<tr>
<td>4) Strategic position that connects the growth axes</td>
<td>XXX</td>
<td>XXX</td>
</tr>
<tr>
<td>5) Rich human society</td>
<td>XXX</td>
<td>XXX</td>
</tr>
</tbody>
</table>

**Strategy for capturing with its strength**

- Strategy for preventing threats with its strength

<table>
<thead>
<tr>
<th>Weakness</th>
<th>Opportunity</th>
<th>Threat</th>
</tr>
</thead>
<tbody>
<tr>
<td>6) Poverty in agricultural communities</td>
<td>X</td>
<td>XXX</td>
</tr>
<tr>
<td>7) Insufficient human resources, administration, finance and institution</td>
<td>XXX</td>
<td>XXX</td>
</tr>
<tr>
<td>8) Inadequate national network</td>
<td>XXX</td>
<td>XXX</td>
</tr>
</tbody>
</table>

**Strategy for preventing the missing of opportunities caused by the weakness**

- Strategy for preventing the worst cases caused by the weakness and threat

**Growth Opportunity** by market expansion and liberalization of resource transfer

**Chinese Market and investment**

**WTO Membership**

**Improvement to the external infrastructure**

**Over-development**

**Marginalization**

** Destruction of the natural environment and employment problem**
NATURAL, CULTURAL AND TOURISM ENVIRONMENT OF ITS OWN: Laotian Strength in ASEAN Region
AGRICULTURAL, FORESTRY AND HYDRAULIC POWER POTENTIALS: Laotian Strength in ASEAN Region
MINING RESOURCES: Laotian Strength in ASEAN Region
STRATEGIC LOCATION BETWEEN THAILAND AND VIETNAM: Laotian Strength in ASEAN Region

From Land Locked to Land Linked Country
INHERENT SOCIETY WITH HEART-TO-HEART RELATIONSHIP: Laotian Strength in ASEAN Region
EXTREME POVERTY IN MOUNTAIN RANGES: Laotian Weakness in ASEAN Region
INSUFFICIENT INTEGRATION OF INTERNAL ECONOMY: Laotian Weakness in ASEAN Region

Availability of Paved Highways
WEAK HUMAN AND INSTITUTIONAL BASE TO MANAGE ENVIRONMENT AND ECONOMY: Laotian Weakness in ASEAN Region

GDP Growth

Forest Area Decrease

Forest areas (000 km²) Share in total land (%)


Agriculture Mining & quarrying
Manufacturing Construction
Electricity Service
Import duties GDP
DIVERSIFIED EXPORTS AND INVESTMENTS: Laotian Opportunities under ASEAN Integration
Possible Challenges from ASEAN Integration to Lao PDR

- **Environmental Degradation, eg:**
  - Accelerated timber cutting
  - Predominantly extensive rubber plantation
  - Mining on farm lands
  - Soil pollution

- **Human Drain**
  - Study abroad
  - Migrant workers
Clean, Green and Beautiful
Basic Concept of LPP

Vision

- Clean, Green and Beautiful
- Narrowing Gaps within ASEAN Region

Lao Model for Development

- Balance between Environment and Growth
- Using Nature and Resources Effectively
- Minimizing Burdens on Environment

Direction of Lao Development in ASEAN Community: A Basic Concept

- Growth through Diversifying Market and Investment
- Environmental and Natural Resource Management

- Developing Human and Institutional Capacities
Area of Cooperation

- Pursuing a Clean, Green and Beautiful Lao PDR
- Realizing:
  - Environmental and natural resource management
  - Growth though diversifying market and investment
- Maximizing advantages and benefits of the three-way cooperation of Laotian Government, ASEAN Secretariat and JICA, particularly at the policy/program level
- Strengthening a policy/program framework for project implementation on bilateral cooperation
- Fostering the sense of an ASEAN community
Fields for Cooperation: Some Examples [1]

For Environmental and Natural Resource Management
- Regional planning for environment and development
- Making social and environment criteria, eg. food safety and environmental control over FDIs
Fields for Cooperation: Some Examples [2]

For Growth though Diversifying Market and Investment

- Mutual recognition of commodity standards, eg. agricultural products
- Cross-border arrangements for transportation
Fields for Cooperation: Some Examples [3]

For Developing Human and Institutional Capacities

- Exchange of development experiences among leaders in national government agencies, those in business and those in provinces
- Training of policy planners and technical experts in relevant fields, eg. environmental management and export standards on agricultural products
Model Regions: A Possibility

Implementing/Monitoring new policy initiatives, for example, in:
- Capacity Development
- Cross Border Cooperation
- Adapting to ASEAN Rules
Model Regions: An Example

- Environmentally Friendly Agriculture: Champasak
- Good Urban Environment/Amenity: Vientiane
- Sustainable Resource Development: Forest area in northern provinces
- Tourism Environment Management: Luangprabang
Three-way Cooperation: Lao PDR, ASEAN Secretariat and JICA

- Long-term development policy of Lao PDR itself
- Making the fullest use of nearby economies
- Adaptation to ASEAN common rules: LAO PDR-ASEAN Secretariat
- Exchange of information and experience for capacity development: JICA as a facilitator
- Built in monitoring & evaluation
- Platform: Policy discussion for development and cooperation
Organizational Setup for the Study

Lao Government

JICA Study Team

ASEAN Secretariat

JICA

Coordination

(Commissioned)
Thank you!
CYCLONE NARGIS: 140,000 PEOPLE DIED, 2.4 MILLION PEOPLE AFFECTED
UNDERDEVELOPMENT COMPLICATES RELIEF AND RECOVERY EFFORTS
<table>
<thead>
<tr>
<th>Country</th>
<th>GDP per capita (PPP)</th>
<th>ODA per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>US$ 2,727</td>
<td>US$ 38</td>
</tr>
<tr>
<td>Laos</td>
<td>US$ 2,039</td>
<td>US$ 63</td>
</tr>
<tr>
<td>Myanmar</td>
<td>US$ 1,027</td>
<td>US$ 3</td>
</tr>
<tr>
<td>Sudan</td>
<td>US$ 2,083</td>
<td>US$55</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>US$ 2,038</td>
<td>US$ 21</td>
</tr>
</tbody>
</table>
POST-NARGIS: **ASEAN** MOVES QUICKLY TO RESPOND
Establishment of ASEAN-led Coordinating Mechanism, AHTF and TCG
1. TCG is the operational vehicle of ASEAN-led Coordinating Mechanism

2. TCG is a coordinating body that facilitates the coming of international assistances to the Irrawady Delta, Myanmar, to ensure trust and governance of the operation

3. TCG is led by a minister from Government of Myanmar

4. TCG consists of Government of Myanmar, ASEAN and UN representing international community

5. Functions:
   • To coordinate resources
   • To facilitate operations
   • To conduct monitoring and evaluation
TCG FACILITATES THE COMING OF INTERNATIONAL ASSISTANCES

Thanks to Donors..
• First time DALA and VTA combined: credible methods

• Damage and Loss reach USD 4.14 billion

• Baseline for monitoring and evaluation

• Basis for PONREPP
The first report of a series of Periodic Review assessment

A snapshot of the situation on the ground half a year after Cyclone Nargis

Useful tool for monitoring the ongoing relief efforts

Identify the needs of the affected population

Facilitate strategic decision making to continue support

TCG PRODUCT: POST-NARGIS PERIODIC REVIEW I and II
• Assess the social dimensions of the impacts of Nargis and of aid delivery from the perspectives of affected communities

• Focus on aid effectiveness, socioeconomic impacts of disaster and the impacts on social relations within and between the communities
• A three-year medium-term recovery plan (Jan 2009 to Dec 2011)
• A framework for assistance for the int’l community complementing Govt’s reconstruction plan
• Suggest the recovery coordination structure up to Dec 2011
EFFECTIVE COORDINATION AT THE LOCAL LEVEL
ASEAN VOLUNTEERS (ASEAN and MYANMAR)
300 farm households were assisted with rice crops and vegetable/cash crops through the provision of hand power tillers, fertilisers, irrigation pumps, vegetable seeds.

wage employment through village infrastructure project (bridge sand village roads)

Thanks to Our donors
• In regions with specific needs, e.g. post-disaster, under development, accelerated development

• When development acceleration is needed and international community expresses willingness to support

• When specific and quick results to be achieved within limited timeframe

• When local government needs support to coordinate with the international agencies and to implement development activities

• When cooperations with donors need to be promoted to ensure governance

• When a collective/integrated mechanism is needed to ensure government leadership
Laos Pilot Program-IAI
Lao PDR: Clean, Green and Beautiful

Keobang A KEOLA
DG of GMS National Secretariat
Cum ASEAN Chairperson-Lao
WREA/PMO
28 August 2009
National Institutional Framework
(Environment)

Prime Minister's Office

National Environment Committee

Water Resources and Environment Administration

Department of Environment

Department of Water Resources

WREA Office

Department of Methodology and Hydrology

Department of EISA

Water Resources and Environment Research Institute

GMS National Secretariat

ASEAN Senior Officials on the Environment (ASOEN-Lao)

Secretariat of the National Environment Committee

Joint Committee of MRC of Laos

Provincial Water Resources and Environment Offices
### Strategy on Environment Protection, Rehabilitation and Sustainable Use of Natural Resources

<table>
<thead>
<tr>
<th>Strategic approach</th>
<th>Actions</th>
<th>Initiatives / Projects</th>
<th>Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Resources Management</td>
<td>1. Sustainable land use</td>
<td></td>
<td>ADB/GMS</td>
</tr>
<tr>
<td></td>
<td>2. Sound management and sustainable use of WR</td>
<td>SMCA 5 projects + 1 Research for Natural Resources Mngt. BCI</td>
<td>WB, PEAMSEA, ADB, MRC-GTZ, KFW, MRC, MCCR</td>
</tr>
<tr>
<td></td>
<td>3. Sustainable mngt. of forest</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Mngt. and efficient use of mineral resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Mngt. and sustainable use of biodiversity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. Mngt. to prevent and control adverse impact from natural phenomena</td>
<td></td>
<td>ADB/GMS</td>
</tr>
<tr>
<td>Strategic approach</td>
<td>Actions</td>
<td>Initiatives / Projects</td>
<td>Donors</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>-------------------------------------------</td>
</tr>
<tr>
<td>Management of Environment of Urban, Infrastructure, Industrial and handicraft, special zone, Free Trade areas, Eco-tourism</td>
<td>1. Urban devl.                                                                                                                                                                                                                                                                                                                        • Urban waste mngt&lt;br&gt;• Water quality of VTE&lt;br&gt;• SAICM&lt;br&gt;• Chem. Labeling</td>
<td>AIT&lt;br&gt;JICA&lt;br&gt;UNDP&lt;br&gt;UNITAR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Infrastructure devl.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Industry and handicraft</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Special Economic Zone and FTA</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Eco-tourism</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional reform and capacity building for environment management and monitoring</td>
<td>1. Policy and legal framework                                                                                                                                                                                                                                                                                                          LENS, SEM II&lt;br&gt;THXP&lt;br&gt;EMU&lt;br&gt;ESIA&lt;br&gt;EQMM&lt;br&gt;Env. info.&lt;br&gt;EEA&lt;br&gt;Sub Grant II&lt;br&gt;Env Scientific and technology research</td>
<td>EPF, Sida&lt;br&gt;CA&lt;br&gt;CA&lt;br&gt;EMU&lt;br&gt;LENS&lt;br&gt;ADB/GMS, UNEP</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Institutional aspects</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Personal aspects</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. ESIA</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. EQMM</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. Env. info.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7. EEA</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>8. Env Scientific and technology research</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Strategy on Environment Protection, Rehabilitation and Sustainable Use of Natural Resources (Cont.)

<table>
<thead>
<tr>
<th>Strategic approach</th>
<th>Actions</th>
<th>Initiatives / Projects</th>
<th>Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation of business sectors</td>
<td>Electricity, Mining Road Agriculture Co., Ltd.</td>
<td>NT2 Hydropower, Trees Plantation Waste Management</td>
<td>ADB/WB</td>
</tr>
<tr>
<td>Promotion investment and establishment of financial mechanism for the environment</td>
<td>EPF, LENS, BCI</td>
<td>Cap Building EMP, Biodiversity Corridor initiative</td>
<td>ADB/GMS</td>
</tr>
<tr>
<td>Strengthening regional and national cooperation</td>
<td>• 2nd NCR</td>
<td>• GEF National focal point</td>
<td>UNDP</td>
</tr>
<tr>
<td></td>
<td>• GEF small scales</td>
<td>• GEF small scales</td>
<td>GEF/UNDP IGES UNEP</td>
</tr>
</tbody>
</table>
## Basic concept on Lao PDR: Clean, Green and Beautiful

<table>
<thead>
<tr>
<th>Priority Areas</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reduce gaps on capacity of relevant institutions</strong></td>
<td>• Strengthening DoE, PWREOs and DWREOs</td>
</tr>
<tr>
<td></td>
<td>• Promotion of ICT internal, regional and international</td>
</tr>
<tr>
<td></td>
<td>• Technical knowledge, management and administrative</td>
</tr>
<tr>
<td><strong>WREA mandate implementation</strong></td>
<td>• Strengthening role in coordination with relevant line institutions</td>
</tr>
<tr>
<td>1. Coordination in environmental management</td>
<td>including central and provincial level as well as regional and</td>
</tr>
<tr>
<td></td>
<td>international level</td>
</tr>
<tr>
<td></td>
<td>• Promotion of ICT, cooperation, exchange information</td>
</tr>
<tr>
<td>2. Development and enforcement of environment of related</td>
<td>• Translate NESAP, NCCS, NSF, NSEnergy and NSESTransport</td>
</tr>
<tr>
<td>laws, policies and strategies</td>
<td>• Participation in drafting and implementing the NSEDP 2011-2015</td>
</tr>
<tr>
<td>Priority Areas</td>
<td>Actions</td>
</tr>
<tr>
<td>---------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 3. Adverse impact from activities based management      | • IEM, SEA, ESIA, EMP  
• Build up capacity in environment management enforcement  
• Pollution control  
• IWRM promotion  
• Environmental Sound Technology (water quality from agriculture, industries and services) |
| 4. Public awareness                                     | • Implementation of EEA, NSCC, NSF, NSEnergy and NSESTransport, etc.  
• Facilities provision to formal and non-formal education sector  
• Public awareness on renewable energy sustainable use of biodiversity  
• 3Rs promotion  
• Trees plantation in city and water upstream  
• Bio agricultural products |
## Basic concept on Lao PDR: Clean, Green and Beautiful (Cont.)

<table>
<thead>
<tr>
<th>Priority Areas</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Environmental Data collection and reporting</td>
<td>• Database management and reporting in three parts of Laos</td>
</tr>
</tbody>
</table>
| **Emergency cases response**                       | • NSCC  
• Upgrade NEPL  
• IEM, SEA, ESIA, EMP  
• Ambient standard, Emission and pollution standard  
• National Communication Report on CC  
• Public park  
• Laboratory for pollution control  
• Enforcement Environmental standard  
• Training and upgrade education level  
• Linkage of Environment and Poverty  
• Urban Environment Management  
• Develop detail projects to reduce emission such CDM project, plastic bag utilization reduction project |
The Way Forward

- protection, conservation and sustainable use of natural resources and ecosystem services for sustaining the livelihood;
- Reduction of air and water pollution and wastes that adversely affect the health and productivity;
- Decreasing vulnerability of the poor to natural hazards and disaster prevention.
Summary

• Deepen our economic cooperation among the ASEAN countries are our commitment to ensure that the increased opportunities are translated into expand markets, enhanced ASEAN Integration, improved access to social services while greater protection of the environment and better management of shared natural resources.
Summary (cont’)

- The LPP needs to maximize development impacts and ensure sustainability by placing greater emphasis on the soft aspects of cooperation especially measures to improve ASEAN Integration and address key social and environmental concerns and subregional infrastructure development continues to be a priority in views of the still large infrastructure gaps in the
Summary (cont’)

- Laos has made a lot of progress so far indicate that we implement the IAI, in particular “LaoPDR: Clean, Green and Beautiful” towards a more inclusive and sustainable development. In order for us to sustain and balance the development in our region, we however need to intensify our efforts to further accelerate progress in some areas:
Summary (cont’)

• Pollution Control (Ambient and emission standard)
• Proper Planning
• Regulatory framework upgrade and enforcement
• Exploring knowledge on relationship between sound natural resources management and sustainable livelihood through innovative, locally technology and community based approaches.
Summary (cont’)

- Institutional and Human Resources Capacity and ability;
- Strongly pursue the strategy and program of the LPP-IAI;
- Combined approach of sustainably managing the environment ensuring the simultaneous attainment of Lao PDR Clean, Green and beautiful and poverty reduction.
Thank You