

Country Partnership Strategy for the Lao People's Democratic Republic

January 2023

The Government of the Republic of Korea

This strategy was drafted in close consultation with the government of the recipient country and may be subject to change depending on the country's local circumstances.

Table of Contents

I. Overview	1
II. ODA Plan by Priority Area of Cooperation	2
1. Water Management	2
2. Health & Hygiene	4
3. Energy	6
4. Regional Development	8
5. Education	10
III. Implementation Strategy	12

I. Overview

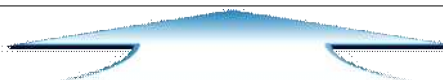
**Lao 9th Five-Year
National
Socio-Economic
Development Plan
NSED (2021-2025)**

Balance in economic, social, and environmental development,
and successful graduation from the least developed country
by 2026



**ROK ODA
Objective**

Assist the nation to increase agricultural and industrial
productivity and achieve SDGs in vulnerable areas so that it can
graduate from being the least developed country in the world



Focus of Assistance by Priority Area

**Water
Management**

- To assist in developing policy-making capacity in integrated water management system
- To build water resources management system and infrastructure

**Health
/ Hygiene**

- To develop health sector infrastructure and human resources capacity to enhance the quality of healthcare services, and support medical care for vulnerable groups
- To assist with waste and sewage treatment facilities to improve basic sanitary environment and quality of life

Energy

- To build hydroelectric power and renewable energy infrastructure that meet the country's energy sector development plan
- To modernize transmission and distribution infrastructure facilities and enhance related capacities for improved efficiency of energy resource utilization and enhanced accessibility

**Regional
Development**

- To alleviate urban-rural development gaps, prevent disasters, and raise quality of life in rural communities
- To strengthen agricultural value chains for poverty reduction and food security in rural areas

Education

- To increase opportunities for and accessibility to vocational training and higher education as outlined in the country's education sector development plan
- To raise the quality of higher education in order to foster competitive workforce equipped with the right skills to meet different industrial demands and technological requirements

II. ODA Plan by Priority Area of Cooperation

1

Water Management

☐ Development Needs

- **「The Vision 2035」^{*}** established by the Lao Ministry of Public Works and Transport aims to increase **supply of safe water**.

* (Objectives) Improve access to safe drinking water for 90% of the population, make legal and institutional arrangements for water management, establish water resources management system, and ensure water quality

- Demand continues for the Mekong River Integrated Management Project (constructing the **embankment to mitigate flood damage**) **due to climate change impact**

☐ Basic Directions

- **Assist to build policy-making capacity and infrastructure for integrated water resources management and safe drinking water supply**
- **Assist to build water resources management system and infrastructure for enhanced climate resilience and disaster response capabilities**

☐ Detailed Implementation Plan

- **(Water resources management)** Assist to **enhance governance for river basin water resources and build policy-making capacity** for integrated water resources management
- **(Water resources infrastructure)** Assist to **build embankment** against disaster and soil erosion, and **establish water supply facilities for safe drinking water and household water**
- **(Climate change adaptation)** Assist to establish water resources management systems and **forecast warning systems and enhance their operational capacity to address typhoons, flooding, and other disasters**

□ Key Programs

- Program 1: Project to Establish Water Resource Management (WRM) System and Emergency Action Plan (EAP) in Nam Ngum River Basin

Agencies	KOICA, Ministry of Energy and Mines of Lao PDR	Total Cost	KRW 13 billion
Program Type	Project	Objective	Establish Nam Ngum River Basin IWRM system and build disaster response capacity
Timeline	Preliminary feasibility study: 2019 / Project implementation period: 2020-2025		
Details (incl. partnership)	<ul style="list-style-type: none"> • Improve progress of IWRM implementation • Establish water resources governance • Build capacity for dam safety management and disaster response • Build capacity for Water Resources Information System operation and water resources management 		
Performance indicator	<ul style="list-style-type: none"> • Nam Ngum River Basin IWRM implementation level (0-100) improved (10) • Nam Ngum River Basin water management and disaster response capacity improved (understanding of disaster risk (1-5) Level 5) 		

- Program 2: The Mekong River Integrated Management Project Phase II

Agencies	EDCF, Ministry of Finance of Lao PDR	Total Cost	KRW 66.7 billion
Program Type	Project	Objective	Construct embankment and improve bank protection, and contribute to safer residential environment and better income level by developing community and tourist infrastructure in Mekong River areas
Timeline	Feasibility study: 2016 / Project implementation period: 2019-2024		
Details (incl. partnership)	<ul style="list-style-type: none"> • Build embankment and improve bank protection (8.33 km) • Construct riverside parks (5.9 ha) • Improve riverside roads (4.4 km) 		
Performance indicator	<ul style="list-style-type: none"> • Reduced areas vulnerable to flooding (5,472 ha) • Reduced areas vulnerable to erosion (27.29 ha) • Increased number of visitors to riverside park (360,000 a year) 		

☐ Development Needs

- **(Health)** The Lao Ministry of Health is currently **pursuing mid- to long-term strategy*** for **universal protection and enhancement of people's health through effective health system.**

* 「Health Sector Reform Strategy and Framework till 2025」 and 「The 9th Health Sector Development Plan(HSDP) (2021-2025)」

- **(Hygiene)** Also **expanding hygienic latrines and sewage treatment facilities** through **「Vision 2035」**

☐ Basic Directions

- **Strengthen health sector infrastructure and human resources capacity** to enhance the quality of **healthcare service, and support medical care for vulnerable groups**
- Assist to construct and improve **waste and sewage treatment facilities** for the improvement of basic sanitary environment and quality of life

☐ Detailed Implementation Plan

- Improve **region-wide healthcare access by constructing and improving healthcare facilities, expanding qualified medical personnel, and strengthening accessibility to services**
 - **Support the improvements of local health centers, provide capacity-building programs for healthcare workers, and promote maternal and child health for vulnerable groups**
- Improve sanitary environment through establishing **waste and sewage treatment facilities**, and promote green growth through **developing resources recycling centers and green technologies**

□ Key Programs

○ Program 1: The Construction of UHS Hospital Project

Agencies	EDCF, (Laos) Ministry of Finance of Lao PDR	Total Cost	KRW 132 billion
Program Type	Project	Objective	Provide modern medical services including treatment of severe illnesses and foster specialized healthcare workers by constructing medical infrastructure
Timeline	Feasibility study: 2017 / Project implementation period: 2020-2026		
Details (incl. partnership)	<ul style="list-style-type: none"> Construct university hospital and simulation center Supply medical equipment Build Health Information System (HIS) 		
Performance indicator	<ul style="list-style-type: none"> Increased number of surgical operations Expanded fellowship programs and increased number of medical students 		

○ Program 2: Scaling up sustainable solid waste and wastewater management to improve Public Health and Environment in Lao PDR

Agencies	KOICA, Global Green Growth Institute	Total Cost	KRW 7.1 billion
Program Type	Project (in the form of contribution to international organizations)	Objective	<ul style="list-style-type: none"> Prevent environmental degradation triggered by urbanization Develop sustainable green city model
Timeline	Preliminary feasibility study: 2017 / Project implementation period: 2019-2024		
Details (incl. partnerships)	<ul style="list-style-type: none"> Implement green city development plan in Vientiane and Pakse Establish action plan for solid waste disposal in Vientiane Build pilot facility for solid waste disposal in Vientiane Establish action plan for liquid waste disposal and build pilot facility Develop national strategy to improve city hygiene 		
Performance indicator	<ul style="list-style-type: none"> Number of participants in green city development and management training (200) Number of residents serviced by decentralized solid waste collection (17,754) 		

☐ Development Needs

- 「The Energy Sector Investment Plan (2021-2030)」 announced by the Lao Ministry of Energy and Mines aims to **build additional power plants and develop green energy (Solar photovoltaic(PV), wind, biomass, etc.)**.
- Electricity being its top export item (USD 216.9 million, accounting for 28% of total export in 2021), Laos is **continuously developing hydroelectric power generation** as a major source of foreign currency income.
 - * As of 2020, Laos had 82 power plants (totaling 10,091MW, of which 80.4% is dependent on water and 18.6% coal-fired) / Green energy dependency, including PV, is 0.9%.
- Based on a plan to **source 30% of its total energy consumption from renewable energies by 2025**, Laos is focused on developing the solar energy*, wind power, and bio energy sectors.
 - * Annual sunshine duration is between 1,800 and 2,000 hours, which represents great potential for PV power generation.

☐ Basic Directions

- Assist to **build multi-sector power generation infrastructure** to execute the country's development plan for the energy sector
- **Assist to modernize infrastructure facilities for energy transmission and distribution and related capacity** to improve efficiency and enhance accessibility in use of energy resources

☐ Detailed Implementation Plan

- **(Infrastructure) Transfer know-how on building and operating electric power infrastructure** using PV, wind, and biomass to **increase the share of water and other renewable energy sources in power generation**
- **(Energy efficiency and modernization) Reduce power loss and achieve greater efficiency in energy use** through electrical grid and greater capacity in managing electric power infrastructure
 - Assist to **make policies and build green energy infrastructure, and eco-friendly transport** and other community infrastructure

□ Key Programs

- Program 1: Energy Policy Consulting Projects (Establishment of Testing and Certification System to Support Introduction of Energy Efficiency Standard and Labelling)

Agencies	Ministry of Trade, Industry and Energy of Republic of Korea, Ministry of Energy and Mines of Lao DPR	Total Cost	KRW 600 million
Program Type	Development consulting	Objective	<ul style="list-style-type: none"> • Disseminate Korea's energy efficiency systems to lower greenhouse gas emission • Achieve sustainable development
Timeline	Feasibility study: 2019-2020 / Project implementation period: 2022-2024		
Details (incl. partnership)	<ul style="list-style-type: none"> • Develop master plan to advance energy efficiency-related legislation, and testing and certification institutions • Build capacity to foster personnel specialized in energy efficiency testing and certification, and quality documentation 		
Performance indicator	<ul style="list-style-type: none"> • Policy to improve energy efficiency legislation • Policy on life-cycle information management of energy efficient products • Certificates issued by certification institutions based on operation of energy efficiency testing 		

4 Regional Development

□ Development Needs

- The policy focus of the Lao Ministry of Agriculture and Forestry is to mitigate poverty through **agricultural and forestry development, improved food self-sufficiency and increased agricultural productivity**

* Agriculture Development Strategy to 2025 and Vision 2030, National Rice Production Strategy for Food Security, Development Strategy of the Crop Sector 2025 and Vision 2030, Forestry Strategy to the Year 2020, etc.

- **The agricultural sector** is important for the Lao economy, **accounting for 15.5% of the country's GDP**; and **about 62% of the economically active population are involved in agriculture**

- Production of rice, which is a main crop, is **vulnerable to drought due to insufficient irrigation facilities**; backward distribution system limits access to market due to insufficient information sharing among farmers
- There is increasing demand for **removal of unexploded ordnance and participatory rural development projects** based on HDP Nexus (Human-Development-Peace Nexus)

☐ **Basic Directions**

- Achieve **overall environmental improvement in rural areas** to alleviate urban-rural development gaps, prevent disasters, and raise quality of life
- **Strengthen agricultural value chains** to reduce poverty and achieve food security in rural areas

☐ **Detailed Implementation Plan**

- **(Rural area environmental improvement)** Assist to make environmental improvement at the rural community level through **participatory development models**; build irrigation facilities and other **rural area infrastructure**; enhance rural transport connectivity through pavement of roads and other **related infrastructure**; **strengthen capacity for data-based regional development**; and **achieve rural development to link with the tourism sector**
- **(Unexploded ordnance removal)** Improve the quality of life for the resident by organizing activity to **remove unexploded ordnance as part of rural development efforts**
- **(Agricultural value chains)** Offer technological support to raise agricultural productivity; **revitalize farmers' associations and increase farmer's access to market**; and assist to **build capacity for post-harvest processing, storage, and distribution**

□ Key Programs

- Program 1: Integrated Rural Development Project with Participatory Approach for Three Southern Provinces

Agencies	KOICA, Ministry of Agriculture and Forestry of Lao PDR	Total Cost	KRW 10.7 billion
Program Type	Project	Objective	Higher farmer household income and better quality of life
Timeline	Preliminary feasibility study: 2019 / Project implementation period: 2020-2025		
Details (incl. partnership)	<ul style="list-style-type: none"> • Improve environment in 20 villages in Champasak, Salavan, and Sekong provinces • Implement a pilot program to increase farm household income (vegetable, fruit, coffee, and cattle farms) • Build capacity of public officials and community leaders 		
Performance indicator	Higher average income of farm household		

- Program 2: Project for the establishment of action plan for rural income generation in Northern and Central region in Lao PDR

Agencies	KOICA, Ministry of Agriculture and Forestry of Lao PDR	Total Cost	KRW 15.1 billion
Program Type	Project	Objective	Strengthen government policy execution capacity and improve quality of life in rural communities in Northern and Central regions
Timeline	Preliminary feasibility study: 2020 / Project implementation period: 2021-2025		
Details (incl. partnership)	<ul style="list-style-type: none"> • Assist to implement action plan for agricultural and rural development • Improve environment of 14 villages in Vientiane, Xiangkhouang, and Bolikhamsai provinces • Strengthen agricultural value chain • Build capacity of Lao-Korean Rural Development Training Center to be self-sufficient • Build capacity of public officials and community leaders 		
Performance indicator	<ul style="list-style-type: none"> • Action plan for agricultural and rural development approved • Higher average income of farm household 		

☐ **Development Needs**

- The Lao Ministry of Education and Sport announced **「the Education and Sports Sector Development Plan 2021-2025 (2020)」** for **equal access to quality education for all**

* Principal goal of assistance is to support the country to graduate from the LDC status by 2025 by improving its SDG 4 indicator

- Rising polarization and youth unemployment arising from **mismatch between demand for and supply of workforce**

☐ **Basic Directions**

- Increase opportunities for and access to **vocational training and higher education in line with the country's education sector development plan**
- Enhance **digital education capacity**, including capacity building for ICT instructors; and increasing employment and re-employment opportunities for youth

☐ **Detailed Implementation Plan**

- **(Technology and higher education)** Solidify basis for **higher education and vocational training by sector and by type** in view of fostering specialized workforce that meets **the nation's industrial needs**
- **(ICT human resources competence)** Assist to create favorable conditions for **ICT-based education and training**; build instructors' capacity for using ICT devices; and increase **ICT-based employment and business start-up opportunities for youth**

□ Key Programs

○ Program 1: Project for the Improvement of Lao-skills Development Institute

Agencies	KOICA, Ministry of Labour and Social Welfare of Lao PDR	Total Cost	KRW 6.6 billion
Program Type	Project	Objective	Improve education and training of Lao-Skills Development Institute, and assist to foster a qualified workforce for requirement in the industry
Timeline	Preliminary feasibility study: 2015 / Project implementation period: 2017-2023		
Details (incl. partnership)	<ul style="list-style-type: none"> • Develop practical CBT(Competency-based Training) programs and module textbooks • Train instructors in teaching methodology and policy-making capacity • Improve teaching environment through latest practice tools, new dorms, and building facilities remodeling 		
Performance indicator	Higher employment rate of graduates (from 40% to 60%)		

○ Program 2: Project for the Improvement of Lao-Skills Development Institute

Agencies	KOICA, Ministry of Industry & Commerce of Lao DPR	Total Cost	KRW 6 billion
Program Type	Project	Objective	Assist to build academia-industry collaboration system to foster human resources in digital innovation and Micro, Small and Medium Enterprises(MSME) in order to nurture competitive MSMEs and support economic development
Timeline	Preliminary feasibility study: 2020 / Project implementation period: 2022-2026		
Details (incl. partnership)	<ul style="list-style-type: none"> • Institute Micro, Small & Medium Enterprises(MSME) & E-Business Department in Commerce College • Establish MSME development roadmap and open MSME Innovation Center • Develop infrastructure for digital innovation education • Build capacity of college faculty and public officials 		
Performance indicator	<ul style="list-style-type: none"> • Percentage of graduates employed in MSME sector or launching start-ups • Number of businesses consulting at MSME Innovation Center 		

III. Implementation Strategy

- ☐ **Ensure alignment with partner country's development cooperation strategy**
 - Identify programs in key focus areas in line with the Lao National Socio Economic Development Plan(NSEDP), sectoral development plans, and other key strategic agenda
- ☐ **Diversify program delivery methods**
 - Efficiently combine various methods for program delivery to enhance project sustainability
- ☐ **Systematic management and application of implementation indicator**
 - From the phases of the project identification and implementation, programs are to be guided by clear development goals and implementation indicators, and are planned in consideration of SDGs and development cooperation strategies of both nations in addition to reinforcement of the result-based evaluation and feedback on projects.
- ☐ **Considerations of other partner-specific cross-cutting issues**
 - In addition to focusing assistance on key areas of cooperation, pursue ODA programs in consideration of environmental protection, climate change adaptation, digitalization, and gender equality
 - * Expand programs to support climate change adaptation and development of Science Technology, and ICT based on the Korean government's Green New Deal ODA Strategy (July, 2021) and Science, Technology and ICT ODA Strategy (January, 2022)
 - ** Recipient countries are obliged to conduct robust evaluations on potential negative social and environmental impacts arising from EDCF projects, by means of strengthened EDCF Safeguard Policy in 2016, and are also obliged to develop mitigation measures for the negative environmental and social impacts. In addition, EDCF engages in review processes of such measures established by recipient countries.