

Sustainable Economic Development in Laos

Summary of GIZ's involvement, approach and results

The challenges

The Government of Laos has set ambitious economic growth targets to overcome its status as a least developed country by 2020.

At the same time, the private sector is facing increasing international competition as a result of Laos' integration into the ASEAN Economic Community. To achieve sustainable economic development, the business and investment environment must be enhanced, the financial system improved as well as the vocational education sector better adapted to the needs of the labour market.

The support by GIZ focuses on promoting relevant institutions and actors on all levels while setting up adequate framework conditions for a market economy that provides social balance and fair dissemination of growth.

GIZ's approach

Business and investment environment

- Strengthening the capacity of the chambers of commerce and industry as well as local business membership organisations
- Improving the business and investment climate through public-private dialogues in selected provinces
- Providing macroeconomic consultancy and financial contribution to the Trade Development Facility, focusing on regional (ASEAN) and global (WTO) integration

Vocational education

- Developing the capacity of government institutions to provide demand-oriented vocational education and training (TVET) as well as to improve the skills of teachers.

Financial system

- Improving the access to and the utilisation of financial services for poor households and micro and small enterprises, particularly in rural areas

Results achieved so far

Business and investment environment

- 80 companies are members of the first European Chamber of Commerce in Laos, which was established in 2011 and provides an advocacy platform and offers business services
- 728 enterprises have been interviewed in 2011 within an institutionalised survey; they stated an increasing satisfaction with local (63,8 per cent of respondents) and central (61 per cent of respondents) government services
- Laos has opened selected service sectors (such as logistics and construction) for foreign investment in the context of ASEAN economic integration by removing 20 restrictive regulations on trade in services

Vocational education

- Enrolment in the only accredited classic TVET teacher education bachelor programme in Laos increased from 34 in 2011/12 to 70 in 2012/13 (+106 per cent)
- 146 vocational teachers were trained in didactics and methodology
- 674 students participated in 25 non-formal trainings to improve their technical knowledge (such as mushroom breeding, tackling cattle diseases, electrical or automotive repair techniques) at Integrated Vocational Education and Training schools



Left: Packing Lao Coffee for export

Right: student practices his skills



Left: transactions at a local village bank
Right: Bachelor students of Vocational Teacher Education at the Faculty of Engineering during a practical training in the metal workshop

Financial system

- 277 village banks currently provide financial services to more than 20,000 members
- Total member savings in the village banks increased by 473 per cent (2009-2013) and now exceed EUR 1 billion
- Women have access to 87 per cent of all accounts and hold 23 per cent of the positions in village bank committees

About GIZ Laos

GIZ, as part of the Lao-German Development Cooperation, has been active in Laos since 1993 and is currently implementing projects in two main priority areas: rural development and sustainable economic development. Moreover, we participate in regional projects on behalf of the German Government, for example with the Mekong River Commission.

Please visit our website www.giz.de/laos for further information on GIZ's work in Laos and worldwide.

About GIZ Laos in sustainable economic development

In the priority area sustainable economic development, GIZ is cooperating with all provinces and the national level. It upholds cofinancing agreements with Australian Aid and the Minerals and Metals Group (MMG).

All data mentioned above is provided for the period 2011-2013 (if not mentioned otherwise). Measures are explicitly focused to create benefit to all groups of society. Minority groups are represented in the target groups according to their share in the population of the above mentioned target provinces. A special focus is laid on the promotion of women.

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