

JOINT EU TRANSITION STRATEGY FOR LAO PDR 2014-2015

European Union (EU) development partners active in Lao PDR namely the Delegation of the European Union to Lao PDR and the EU Member States - Belgium, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg and the United Kingdom – are committed to jointly responding to Lao PDR's development priorities. They have therefore engaged in a joint programming process that has resulted in this joint country strategy – *a Joint EU Transition Strategy for Lao PDR 2014-2015*.

1. The broad outline of the EU response

The Joint EU Transition Strategy is designed as a joint EU response in support of the Lao Government's 7th National Socio-Economic Development Plan (NSEDP) 2011-2015 and is aligned to the national planning cycle to cover the period 2014-2015. With this joint programming exercise, EU development partners want to create and sustain positive momentum in supporting Lao PDR to achieve the Millennium Development Goals, graduating from the Least Developed Country status, and becoming a state which fully observes the rule of law by 2020. This strategy is an operational tool and is aimed at making overall EU aid delivery to Lao PDR more effective, coherent and sustainable. It is based on a joint EU assessment of the situation in the country including a detailed analysis of the National Development Plan.

The goal of joint multi-annual programming is to enhance EU relations with Lao PDR, including through increasing the impact and delivery of aid for better results, by reducing fragmentation, and increasing transparency, predictability and accountability. The joint programming also reaffirms the EU commitment to support ownership and partnership.

In addition, joint programming provides an excellent opportunity to raise the EU profile, to promote values which guide EU development cooperation with Lao PDR, such as the importance of good governance, human rights and an active civil society¹ and to reaffirm our commitment to support and preserve cultural diversity and to intensify student and learning exchanges for a better mutual understanding between Lao PDR and the EU.

The transition strategy has been drafted with contributions from EU Development Counsellors in-country and is endorsed by the EU Heads of Mission, following a consultative process with the government, non-EU donors, civil society and the private sector. It represents a reference guide for the EU and all Member States, both those with active programmes and those who may begin new development cooperation in Laos in the period of the strategy's implementation.

This transition strategy will be followed by a full EU Joint programming exercise covering the period 2016-2020, which will be aligned with the next Lao PDR national development plan. More information on the full joint programming is provided in section 6.

2. Strategic objectives of the EU's relationship with the Lao PDR

The overarching objective of EU development cooperation with Lao PDR is to contribute to sustainable poverty reduction, achievement of the Millennium Development Goals by 2015 and Lao graduation from Least Developed Country status.

The 7th NSEDP is based on the Government of Lao PDR's Socio-Economic Development Strategy until 2020 and reflects the ambition of the Lao Government to promote national development, achieve

¹ See the European Consensus on Development which presents a shared vision and defines common principles to guide the EU's development cooperation activities, both at the member States and the Community level. (http://ec.europa.eu/development/icenter/repository/european_consensus_2005_en.pdf)

economic growth of at least 8% annually, reduce poverty, achieve the Millennium Development Goals by 2015 and construct basic infrastructure for industrialisation and modernisation.

More specifically EU strategic objectives are aligned with the following NSEDP targets:

- 1) Continuation of sustainable national economic growth while ensuring sustainable and inclusive development: protection of the natural environment, skills development, implementation of industrialisation and modernisation strategies, supporting promotion of small and medium enterprises and moderation of all uneven redistribution of benefits in general.
- 2) Achievement of Millennium Development Goals and eradicating poverty by 2015, by promoting rural development, health and education.
- 3) Increased effectiveness of public administration, good governance and the rule of law.

The quality and effectiveness of aid is an important objective for the EU partners. Hence they have been promoting better coordination and harmonisation in their programmes by adopting common implementation mechanisms and the use of co-financing arrangements. This process will now be further accelerated by engaging in joint multi-annual programming based on Laos' national development plan and processes which will enhance consistency and complementarity of EU programmes across different areas.

This joint strategy also intends to provide additional impetus for the development effectiveness promoted by the Government of Laos and its partners within the framework of the Vientiane Declaration (a localised version of the Paris Declaration) and Vientiane Declaration Country Action Plan which represent a common consensus on what needs to be done to achieve locally-agreed aid effectiveness targets.

3. Cross-cutting EU approaches to development

The EU transitional strategy defines sector priorities for the period 2014-2015 aligned with the 7th NESDP. In addition to its support to priority sectors, the EU will dedicate part of its Official Development Assistance (ODA) to reaffirm its commitment to the following approaches to development:

- Human rights, active civil society and media: the EU will pursue the priorities identified in the Human Rights Strategy for Laos (civil society, National Assembly, rule of law), including through the EU-Lao PDR annual human rights dialogue , and support for local Not-for-profit Associations (NPAs) and international NGOs. The EU will continue to support and protect human rights defenders, in particular in the context of the disappearance of the civil society leader Mr Sombath Somphone in December 2012. The EU will furthermore contribute to work on press freedom and the strengthening of media freedoms.
- Cultural diversity: the EU will promote cultural exchange as a key element for development and mutual understanding and will continue to support heritage preservation and promotion.
- Human development and research: the EU will contribute to human development and mutual understanding between the EU and Lao PDR through scholarship programmes, cross-mobility of experts, students, researchers and officials and will promote scientific production for development.
- Corruption: The EU will support Lao PDR to fight against corruption, improve transparency standards and increase accountability within public administration.

This support from EU partners will be implemented through specific programmes and dialogue mechanisms or as cross-cutting activities within sector projects and programmes.

4. Choice of sectors

The core element of joint programming is a joint response to the NSEDP, identifying priority sectors for intervention, including in-country division of labour. The analysis of the 7th NSEDP, conducted in September 2012², concluded that, notwithstanding certain shortcomings, the Plan is relevant to Laos' development challenges and, although imperfect, can be considered as a sufficiently credible and comprehensive policy framework. The NSEDP can therefore be used as the basis for programming EU aid and for coordination and dialogue within the EU group and with other donors.

Whilst the overarching objective of the Joint EU Transition Strategy for Lao PDR 2014-2015 is the sustainable poverty reduction, the strategy also defines key sectors for EU support and elaborates on the division of labour between EU development partners with on-going bilateral programmes in Lao PDR.

In accordance with NSEDP priorities, ongoing division of labour arrangements and with a view to maximise aid effectiveness and division of labour benefits in the future, EU Development Partners have agreed on the overall EU response for the period 2014-15 which focuses on the following priority areas³:

I. Governance

Good governance and the rule of law form a necessary enabling environment for growth and development and represent a key dimension to addressing poverty reduction and inequality. Over the past decade the Government of Lao PDR has embarked on wide-ranging public administration reforms, claiming to work towards a more effective, efficient, accountable and less inflated public administration, together with the requisite institutional and legal framework. The Lao PDR Strategic Governance Plan 2011-2020 through its four pillars aims to improve further the functioning of the state through strengthening: i) People's representation and participation; ii) Public service improvement; iii) Rule of law; and iv) Sound public finance management.

EU partners will support the Lao Government's efforts to improve policy formulation and institutional development for good governance, including public financial management, public administration reform and human resource management. Moreover, EU partners are working to enhance the structures and processes for policy dialogue and coordination by strengthening the capacity of the Ministry of Planning and Investment, as the key Government aid and development coordination body, as well as by providing support for the Round Table Process.

EU partners believe that their added value in the Lao PDR development context derives from their support to the establishment of the rule of law and to civil society. They will support initiatives of the government in these areas, such as the support for the Legal Sector Master Plan. EU partners will also promote people's participation and voice and facilitate the creation of an enabling environment for civil society engagement on sustainable development and good governance, promoting and protecting human rights and the rule of law. Support will also be provided for collaborative multi-actor partnerships including civil society organisations, public authorities and private sector in facilitating equitable and sustainable growth, provision and access to social services (health, education and social protection).

Major development partners supporting the governance sector⁴ include Australia, Japan, Switzerland, UNDP and the United States. EU partners supporting governance initiatives are the EU Delegation, Finland, France, Luxembourg and the United Kingdom, with Hungary set to start supporting the sector in the near future.

² Analysis of the Seventh National Socio-Economic Development Plan (7th NSEDP) 2011-2015, update 17 March 2014

³ It is important to note that these are the 'combined' priority areas of all EU Development Partners together. The tables below show the individual priority areas per EU Development Partner – current and projected for the end of the transition strategy.

⁴ Information on non-EU development partners' contribution to sectors is based on the Government of Lao PDR ODA Semi-annual report 2011/12 prepared by the Ministry of Planning and Investment, Department for International Cooperation.

II. Macroeconomics

For the last five years, the economy has been growing at an average rate of 8 percent fuelled by a vibrant resource sector and continued inflows of foreign direct investments (FDI) in the hydro sector. However, growth is expected to moderate in 2014 to 7.2 percent, reflecting a slowdown in the real sectors (mining and construction) mainly due to a halt of production in the Sepon gold mine.

Inflation has been moderate, peaking in November 2013 at 7 percent. While the Bank of Lao maintains nominal exchange rate stability to the Lao Kip against major currencies, foreign exchange policy should give more consideration to reserve management and competitiveness.

During the fiscal year 2012/2013, the fiscal deficit (5.8 percent of GDP) widened substantially due to a combination of a large increase in public sector wages (equivalent to almost 5 percent of GDP) and allowances and a decline in grants and mining revenues. Meanwhile for the fiscal year 2013-2014, the budget plan (unpublished yet) indicated a narrower fiscal deficit of approximately 4.3 percent (cuts in allowances to civil servants and in some capital spending). Overall, the path of the fiscal deficit for FY 2013/2014 will critically depend on the authorities' ability to achieve strong performance in revenue collection and to maintain tight control over spending across categories.

Current macro and fiscal policies pursued by the Government of Lao PDR are a reason for concern and might put at risk macro-economic stability and sustainability. The Lao economy has also become highly vulnerable to adverse shocks.

Through the macroeconomic sector working group as a main avenue for policy dialogue, the EU Delegation and EU Member States will continue to be engaged alongside IFIs in substantive discussion with the authorities on macro and fiscal policies. More specifically, the EU Delegation will strengthen dialogue with the Ministry of Finance to further advance with the (renewed) public finance management reform strategy with a view to improving fiscal discipline, strategic allocation of resources (especially in the education sector) and efficient service delivery.

III. Trade and private sector development

The Lao Government has been promoting growth through large investments, generating large volumes of Foreign Direct Investment (FDI) and ODA, large land and mining concessions, large hydro projects and large-scale infrastructure development. There is also FDI in non-natural resource sectors, such as tourism and the garment sector. Domestic value chains and markets however remain underdeveloped. Moreover, low access to markets has been found to be among the main barriers to greater prosperity and reduction in poverty rates for rural villages. Lao PDR's economic vulnerability, in its broadest economic sense, however must be reduced. This includes strengthening capacities to deal with trade and natural shocks (such as climate change), including diversification of non-resource exports.

An enabling business environment for the private sector and Small and Medium Sized Enterprises in particular, developing local markets and an effective trade policy are critical for growth and creating jobs. Integration of Laos in regional and global trade will boost growth and poverty reduction. Lao Government is intent on greater connectivity with regional, sub-regional and international environments, so as to capitalise on existing opportunities particularly within the ASEAN region, the Greater Mekong Sub-region and in the context of WTO accession.

EU partners recognise the importance of creating an enabling environment for trade and economic reforms. The EU will therefore support Lao PDR to enhance the business environment, facilitate access to business and financial services, promote regional integration and help harness the opportunities that international markets offer, as well as to respond to challenges faced by integration into the multilateral trading system and the global economy. The EU is based on the belief that regional integration and international trade are part of the path of sustained economic growth and development. Based on its experience of increasing regional integration and the implementation of complex transformation processes over more than 50 years, the EU can provide valuable advice on how to best manage integration processes. EU partners will also support the diversification of the Lao

economy in selected non-natural resources sectors such as tourism.

Non-EU development partners supporting trade and private sector development include Australia, Japan, Switzerland, the United States and the World Bank. EU partners active in the sector are Germany, Ireland and the UK, with the EU Delegation providing support through the regional programmes.

IV. Agriculture and rural development

Lao PDR is the most rural country in Southeast Asia, with over three quarters of the total population currently living in rural areas. The population of the country is very diverse, and poverty reduction remains the main challenge, particularly in rural and inaccessible mountainous areas where ethnic minorities are concentrated. Despite significant progress in poverty reduction and economic growth in recent years, a large proportion of the Lao population, particularly those living in rural areas, still live under the poverty line. Approximately 31% of rural dwellers live below the poverty line, and population growth continues to be concentrated in the rural areas.

Agriculture and rural development are central elements of the 7th NSEDP, given their importance for both growth and poverty reduction. The rural sector, which still employs around 80% of the population, remains the largest contributor to GDP (around 38%), however with the exception of certain niche products (coffee, silk, aromatic plants, cardamom, maize, soya, etc.), the only significant source of foreign exchange is logging, with other agricultural production being essentially for home consumption.

Development achievements to date in Laos have been accompanied by growing rural/urban and regional disparities⁵. Urban areas and districts along the Thai border have experienced rapid growth and poverty reduction, but other groups continue to lag behind. The northern part of the country remains poorer than the southern and central regions, and uplands are poorer than the lowlands. Poverty rates vary according to ethnicity, with the Lao-Tai displaying lower poverty incidence. The reduction in the national poverty rate is reflected in both urban and rural areas however, rural poverty rates still remain almost twice the urban poverty rates. The challenge for poverty reduction in Laos therefore is to sustain the level of economic growth achieved over the previous decade while enhancing equitable distribution across provinces and to rural areas. EU partners will support sustainable agricultural wealth creation through supporting creation and development of selected sustainable value chains.

While population density in Lao PDR is relatively low, the distribution is uneven and the mountainous terrain of much of the country limits the possibility of planting crops and making a living from agriculture. The main priority for many farmers, in particular in the poorest regions, is to secure rice production for their own needs, which is often achieved through an extensive use of natural resources. EU partners will foster rural development through a multi-dimensional approach by supporting the Government in drafting relevant national policies and strategies and strengthening local planning approaches that foster rural development. EU partners will also promote local economic development, rural infrastructure, land management and land registration. Finally, civil society and private sector will be supported to enable the participation of poor people in decision-making processes and in rural economic development.

Although the country experienced economic growth, high levels of (chronic) malnutrition and food insecurity persist. The most recent Lao socio-economic indicator survey (2011/2012) shows only a marginal reduction of child under-nutrition and stunting prevalence from 48% to 44% between 2006 and 2010. Under nutrition also affects other vulnerable groups including pregnant and lactating women: 23% of the population is undernourished. The Lao PDR is likely to fail in reaching the target of reducing malnourished children to 30% by 2010 (NSEDP target) and to half the 1990 level by 2015 (MDG target). Therefore, the government and its development partners are putting a much stronger

⁵ Millennium Development Goals Progress Report 2008, Lao PDR, Jointly prepared by the Government of the Lao PDR and the United Nations.

focus on food security and nutrition. The Government of Lao PDR joined the Scaling-Up Nutrition (SUN) Movement in 2010 and established in July 2013 the National Nutrition Committee (an inter-governmental initiative under the Prime Minister's Office). In parallel a multi-sector Food and Nutrition Security Master Plan was drafted to accelerate progress in reducing malnutrition with a primary focus on young children, women in reproductive age, adolescent girls and school children. As the Government of Lao PDR continues to require external support to achieve the national nutrition priorities, EU partners will support improvements in food and nutrition security, particularly for rural households.

Major development partners supporting Agriculture and rural development sector include ADB, Australia, IFAD, Japan, Switzerland, WFP and the World Bank. EU partners include the EU Delegation, France, Germany, Hungary and Luxembourg.

V. Natural resources management and environment

Laos is not densely populated and therefore there is no high demographic pressure on the environment. Nevertheless rapid economic growth, inadequate environmental investments poorly enforced environmental legislation and protection measures all contribute to the increasing stress on the environment. Lao PDR's forest coverage, which once covered about 70% of total land area, has declined to 40% today.

Forests are still an important direct source of livelihoods, with 70% of farm households exploiting the public forests. Laos is also an important exporting timber hub in the region with timber exports tripled in the last five years: 12.3% increase/year from 2002-2008 compared to a 44.5% increase/year from 2009-2012. Laos is a major supplier of wood and other timber products to important consumer markets, with known forest governance and commodity chain transparency problems. Exports to Vietnam account for almost half (47.3% in 2012) of the wood products value from Laos, and China accounts for 39.1% (2012)⁶.

Widespread soil erosion – especially in the uplands – and shorter fallow periods lead to declining agricultural productivity, while illegal wildlife and timber trade (on top of the loss of forest, wetlands and grasslands habitat) is having a further detrimental effect on the environment⁷. In addition, climate change and natural disasters, such as floods, constitute a major challenge for the population, especially those for whom farming is the main activity and for the authorities to help prevent and mitigate.

As natural resource exploitation becomes an increasingly important driving force in the Lao economy, the issue of environmental protection and sustainable development will take a higher importance. EU partners will therefore support the management of natural resources by building local capacities towards sustainable natural resources and environmental management and creating incentive mechanisms for climate change mitigation. EU partners' bilateral programmes for natural resources management are further complemented by a significant funding channelled through the Mekong River Commission.

Major development partners supporting natural resource management and environment sector include the World Bank, ADB, Australia, Japan, Switzerland, UNDP and the United States. EU partners with bilateral programmes in this sector are Finland, Germany and the UK. EU partners that provide funding for the Mekong River Commission's regional activities include also Belgium, Luxembourg, Netherlands and Sweden.

VI. Health

The development of the health system is a key priority of the 7th NSEDP. The Lao Government is committed to reaching the Millennium Development Goals and big strides have been made in improving performance against many of the key human development indicators.

The public health objectives defined by the government are mainly based on the MDGs : maternal

⁶ UN Comtrade.

⁷ Ibid.

mortality ratio of 260 deaths / 100 000 live births (339 in 2008), under 5 mortality rate of 70/1000 (61 in 2010), 80% of the population with access to improve drinking water (57% in 2008), 60% with improved access to sanitation (53% in 2009), control of tuberculosis (TB), HIV/Aids prevalence ratios (prevalence ratio in 2009: 1.51/1000 for TB and 0.2% for HIV).

Although the incidence of poverty has fallen significantly in the recent years (from 46% of the population in 1992 to 27% in 2007), important challenges remain in the health sector. Despite the positive trend of maternal and reproductive health service indicators, the country's progress towards this goal is not on track. The greatest challenge will be to ensure sustainable and predictable financing for maternal, neonatal and child health services; as well as to strengthen clinical and management capacity and develop better supply and logistics management systems. Despite the market-oriented economic growth that takes place in the country, the Ministry of Health remains virtually the only provider of health and is strongly administrative. Several governmental mass organizations and a range of international non-governmental organizations play an increasingly important role in the health sector. Utilization of many rural health facilities remains low. The shortage and unequal distribution as well as the poor quality and motivation of many staff in the health sector remain critical issues.

The health sector is governed by several policies and four laws including the Law on Health Care of 2005. Priority areas in the current national health strategy include primary health care, maternal child health, health systems development, and aid effectiveness and coordination. Four key governmental priorities are directly supported by EU partners in Lao PDR: increasing health sector budget, develop and generalize the health insurance system before 2020, develop the health delivering services at central, provincial, district and village levels, and recruitment and training of skilled professionals (actual need evaluated at 5,000 additional professionals by WHO).

Major development partners supporting health sector include ADB, Japan, Switzerland, UN Habitat, UNICEF, the United States, WHO, WFP and the World Bank. EU partners supporting this sector are France, Luxembourg and the United Kingdom.

VII. Education

Healthy and skilled human resources are the cornerstone for sustainable development in Laos, yet the overall structure of the workforce is not changing commensurately with economic growth and around 80% of workers are still engaged in subsistence-oriented agriculture and associated activities. Lack of adequate skills, particularly amongst youth, prevents poor people from participating effectively in the labour market or as entrepreneurs in order to escape from poverty.

Education is among the better-performing sectors in Lao PDR, as reflected in continuous progress across all key indicators. Net enrolment rates in primary schools rose from 58% of primary school-age children in 1991 to 95.2 percent in 2012⁸. Progress in the primary school completion rate, however, is slower rising from 45% in 1990 to 70% in 2012. Literacy rates have been increasing, although the upwards trend is very modest.

As is the case with many of the other MDGs, there are variations across regions. Provinces with low enrolment rates are often those with high proportions of rural, poor and children of different ethnic dialect speaking groups. Differences also persist in literacy rates between Lao native-speaking and speakers of other languages and dialects.

EU partners will support the Government of Lao to attain the MDG universal education targets, in a manner that will benefit the whole population, regardless of geographic location, gender or wealth. EU partners will contribute to creating an equitable access to education, increasing education quality and relevance and improving the education system (planning, management and governance). One way is through supporting effective public expenditure management reform to ensure adequate resources and infrastructure are allocated across provinces to enable all pupils to complete primary and lower secondary education; to improve the quality of education and curriculum; and to develop a pool of

⁸ Third MDG Progress Report – Chapter on MDG 9, Government of Lao PDR, Ministry of Planning and Investment, May 2013

trained teachers. Another key strength of the EU is its extensive experience in the field of vocational education. In turn, this will contribute to building human resource capacity and ensure that the Lao population can fully partake in economic activities and contribute to sustainable growth.

Major development partners supporting education sector include ADB, Australia, Japan, Switzerland, WFP and the World Bank. EU partners supporting this sector are the EU Delegation, France, Germany, Hungary, Ireland, Luxembourg and the United Kingdom.

VIII. Infrastructure

A large number of service facilities and related infrastructure have been built over the past several years, both in urban and in rural areas. Communications and transport infrastructure has improved and significantly expanded, including all types of roads, electricity grids, irrigation systems, airports, communication networks and other infrastructure. These directly and indirectly support production, transportation, commerce, investment, and improve people's living conditions.

Measures in the 7th NSEDP to further reduce poverty and achieve the MDG targets include; developing and rehabilitating provincial, district and rural roads to increase basic access for rural villages, investing in improved town planning, and improving productivity and diversifying agricultural practices. Public works and transportation sector aims to build and expand/repair roads in accordance with the Transport Master Plan. Special effort will be made to connect 'village clusters' (Kumbans) with all-weather roads and also connect all villages without roads. Additionally, connectivity with neighbouring countries is a priority.

Major development partners supporting infrastructure sector include ADB, Japan and the World Bank. EU partners providing assistance for the infrastructure sector are France, Germany and the UK.

IX. UXO Mine Action

Lao PDR is one of the most heavily bombed countries per capita in the world. It is estimated that up to 30% of more than 200 million sub-munitions (known as "bombies" in Laos) released from cluster bombs did not explode. Such unexploded ordnance (UXO) continues to remain in the ground, maiming and killing people, and affecting livelihoods and food security. Currently all 17 provinces are affected by UXO to some degree⁹. Approximately 25% of all villages, and 41 out of the 46 poorest villages, are contaminated with UXO. EU partners support the Lao Government in efforts to clear the UXO in order to reduce the number of casualties as well as to improve livelihoods and increase the amount of land available for agriculture productivity and food production or community purposes, local development and infrastructure building.

Major development partners supporting mine action sector are Australia, Japan, Switzerland, UNDP and the United States. EU partners supporting this sector are Germany, Ireland, Luxembourg and the United Kingdom, whilst the EU Delegation provides assistance within their support for sustainable agriculture and food security.

5. Division of Labour

EU development partners recognise that their development cooperation programmes should complement each other to foster efficiency gains and avoid duplications. In the context of the full-fledged Joint Programming 2016-2020 detailed discussions will take place to advance towards this goal. Table 1 shows the current sector presence of EU partners and indicative allocations for 2014/2015.

⁹ Third MDG Progress Report – Chapter on MDG 9, Government of Lao PDR, Ministry of Planning and Investment, May 2013

Table 1 - EU financing estimates 2014-2015 (Using Lao Government SWG classification, in EUR million)

Sector	DE¹⁰	EUD¹¹	FI	FR¹²	HU¹³	IE	LU¹⁴	UK	ODA per sector	DPs per sector
Education (incl. scholarships, academic research and culture)	10.00	12.12		8.00	Tbc	0.10	2.10	0.20	32.52	7
Health				3.00			11.80	0.40	15.20	3
Illicit Drug Control							Tbc			1
Agriculture and Rural Development	9.00	14.84		3.00	Tbc		4.70		31.54	5
Natural Resource Management and Environment	40.00		20.04					0.44	60.48	3
Macroeconomics								0.05	0.05	1
Trade and Private Sector Development	7.50	regional						0.18	7.68	3
Infrastructure	12.00			2.00					14.00	2
Governance		6.26		1.00	Tbc	0.10	2.10	0.03	9.49	6
UXO Mine Action	2.00	x				1.00	0.30	1.20	4.50	4
ODA per EU partner	80.5	33.22	20.04	17.00		1.2	21.00	2.50	175.46	
Sectors per EU partner	6	5	1	5		3	5	8		

NB. The figures provided in this table are based on indicative estimates only and therefore do not represent formal commitments

¹⁰ Data for Germany includes planned disbursements from existing programmes and an estimated share of future commitments that would be disbursed in the period 2014-2015

¹¹ Data for the EU Delegation includes estimated disbursements and commitments for 2014-2015. Support to UXO is part of the agriculture/rural development allocation.

¹² Data for France includes estimated disbursements for the period 2014-2015

¹³ Financing estimates for Hungary will be determined in due course

¹⁴ Data for Luxembourg includes planned disbursements for 2014-2015 for the existing programmes

6. Joint EU Transition Strategy for Lao PDR 2016-2020

EU development partners have agreed to align their programming cycle with the Government of Lao PDR. They will, accordingly, formulate the full-fledged joint EU strategy in line with Lao Government's next NSEDP to cover the period 2016-2020.

The preparation of the next strategy will begin already in 2014 when EU partners will agree on a roadmap which will set out the detailed steps that need to be taken in order to reach full joint programming by 2016. This road map may consider the following:

- Potential for synchronisation of European partners' programming cycles and bilateral implementation plans to the 2016-2020 national planning cycle.
- Agreement on the structure of the joint strategy.
- Agreement on a joint analysis of the NSEDP 2016-2020.
- Mapping of EU and other development partners' work in Lao PDR.
- Conducting fragmentation analysis and considering the absorption capacity of different sectors and the required level of coordination of existing support.
- Consultation with the Lao Government, civil society and the private sector.
- Agreement on division of labour and indicative financial allocations.
- Agreement on other content (cross-sector, thematic programmes, etc.) that should be included in the joint programming document.
- Increasing the profile of EU development assistance to Lao PDR.