

LAO PEOPLE'S DEMOCRATIC REPUBLIC

COUNTRY REPORT

ON THE IMPLEMENTATION OF

THE HABITAT AGENDA

IN THE LAO PEOPLE'S DEMOCRATIC REPUBLIC

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Introduction

The Lao People's Democratic Republic is a landlocked country in Southeast Asia with a total population of around 5.1 million according to the 2000 Population Census. The average population growth rate between 1985 and 1995 was around 2.9 per cent per annum. The Lao PDR is a predominantly rural country. With a per capita income of around \$270, the Lao PDR falls in the category of Least Developed Countries (LDC). Only 1,020,000 people (or 20 per cent of the population live in urban areas, while 4.1 million (or 80 per cent) live in the rural areas. The country is divided into 16 provinces, one special zone and one Prefecture, Vientiane, which is the national capital. Until recently, there was no administrative separation between urban areas and rural areas with provincial towns forming (part of) a district. With around 294,000 people, the Vientiane urban area is the largest urban area of the country. The Government classifies urban centres of more than 35,000 inhabitants as secondary towns. They include Luang Prabang, Pakse, Savannakhet and Thakhek. The other provincial capitals have populations between 5,000 and 25,000 inhabitants.

In 1986, the Fourth Party Congress launched the New Economic Mechanism (NEM) to boost all economic sectors through indicative planning and economic liberalization, including a shift toward market determination of prices and resource allocations, decentralization of control over industries, progressive privatization and deregulation to promote trade and investment. Following the adoption of the New Economic Mechanism, the macro-economic situation in the country improved considerably. The macro-economic policy changes have had a strong impact on the development of the urban areas. In 1997, the Lao PDR has become a member of the ASEAN, this event has allowed the Lao PDR to have economic ties with other countries of this region, in particular the economic corridor adjoining the Lao PDR with Viet Nam and Thailand.

Although agriculture remains the largest contributor to the country's GDP, the urban sector is playing an increasingly important role in the growth of the economy. Vientiane, the provincial capital towns and other secondary towns are gain increasing access to national and international markets with the development of highway networks. Improved and more reliable power networks and digital telecommunication are supporting this urban economic growth. The strengthening of the urban economy went in pair with the establishment of urban plans to master urban growth and manage the urban environment (air pollution, solid waste etc.) and the establishment of an investment plan for urban water supply. Despite the effort, there is still the need to create and to build the capacity of urban local governments. However, the financial crisis that struck Asia in 1997 has had a serious impact on the urban economic conditions in the Lao PDR.

In its National Report prepared for the Second United Nations Conference on Human Settlements in Istanbul in June 1996, the Government wrote that "the highest priority programmes and activities in the urban sector are related to the improvement of the urban environmental infrastructure (water supply, sewerage, drainage and solid waste), the establishment of appropriate institutional arrangements to plan and manage urban development in general and infrastructure improvement in particular, and the education and training of the staff of these institutions to perform its tasks." The report also noted that there was no long-term urban infrastructure development strategy and that the planning process depended mainly on the availability of funds for the execution of specific projects. The Government expressed its intention to develop a policy framework and comprehensive planning guidelines to promote the orderly and efficient development of urban areas and devise solutions to the growing urban environmental problems. As will be clear from this report, much progress has been made in the development of environmental infrastructure and the development of urban administrative structures. However, much still needs to be accomplished.

The Government has adopted the 2020 Development Strategy consisting of three stages of development efforts:

- Implementation of the New Economic Mechanism. This stage of the strategy is nearly completed.
- Structural transformation and capacity building. Government efforts are currently focused on this stage. They include the construction of physical infrastructure and the establishment of enabling policy and institutional frameworks that improve the capacity within the country. The completion of this stage will allow the success of the next stage.
- People-centred development.

This strategy is reflected in the developments in the urban sector. For this country report on the review and assessment of the implementation of the Habitat Agenda in the Lao PDR, two trends are particularly important:

- as a result of the new economic policies of the Government, urban economic development in the country accelerated causing on the one hand more physical growth in the urban areas and on the other hand increase in environmental problems also.
- in order to address the urban problems, the Government adopted many new urban policies and programmes, build the capacity of the authorities to implement those policies and programmes and mobilized internal and external financial resources to fund the implementation of the policies and programmes.

This report reviews the current conditions in the urban areas of the country, the various interventions of the government often supported by external donor funding and the future actions of the government in the urban sector. A problem faced during the preparation of the report was the lack of data specific to urban areas, because until recently there was no clear administrative distinction between urban and rural areas within a District, a condition that is changing with the creation of Urban Development Administration Authorities (UDAA). On the other hand, there are numerous reports prepared for the many urban sector projects and they contain a wealth of information. However, since many of the projects are located in Vientiane, the information available also deals mainly with Vientiane and somewhat with the other four main urban centres. Information about urban poverty, local economic development and the urban environment is also scarce and not consolidated.

For the review and assessment of the implementation of the Habitat Agenda, the Urban Research Institute has collected Urban Indicators and produced a report. The results of this survey are not included in this report, since they have been published separately. The Urban Indicators report provides both an insight into the situation in the urban areas and an insight into the lack of data on urban conditions.

Chapter 1 Shelter

Access to land

The State is the owner of all land on behalf of the Lao people. It grants legal ownership of use rights to individual households. It is the strategy of the Government to move toward the implementation of a land registration system and the issue of titles to all landholders. In its 1994-2000 Public Investment Programme, the Government of the Lao PDR has made a commitment to develop a land-titling system. Once that is established, clear land use rights can be established, investments by the private sector encouraged, credit markets can be developed and the sale of land-use rights and taxes on land transactions can become a source of funds for the Government.

In this respect, the major policy measures of the Government are:

- the development of a system of tradable use rights and secure and legally enforceable titles for selected categories of land use;
- the provision of incentives in the form of land rights for community groups and villages in exchange for tax breaks;
- the changing role of Government to one of regulating zoning, demarcation and support in improving productive land practices;
- the improvement of resource mobilization from the allocation and transfer of land, through the introduction of a new set of land taxes and collection arrangements, including a registration and titling programme;
- the establishment of institutional arrangements and capacities of the agencies responsible for the implementation of land administration programmes including registration and titling.

A land-titling project is in the process of surveying and assigning titles throughout Vientiane and other towns. Until January 2001, around 13,000 titles had been issued out of an estimated total of 49,000 in urban Vientiane, but the current initiatives are not reaching the poor in the marginal areas. Women rank insecurity of tenure as the second priority problem after flooding. Lack of formal land rights make people reluctant to invest in their houses and services.

Access to housing

Traditionally houses are self-built and owner-occupied. The most common is the wooden house built on columns to leave a space below the house for various functions, from cooking to small-scale industries. Nowadays, more sophisticated construction materials, for instance, cement, bricks, steel and other, have rapidly replaced the use of wood in housing constructions. In return, the remained traditional wooden houses have become a valuable architectural heritage for the majority of cities in the country. In addition, the traditional functional design has been widely developed in urban two-story town houses, with the ground floor used not only for living, but also for small retailing shops, storage industries and workshops.

Since 1975, with a purpose to increase the housing stocks, a public housing policy has been promulgated and the construction of apartments blocks and communal houses have been followed. Prime-Ministerial Decree 194/PM promulgated a housing policy for government staff. Under this policy, public housing is transferred to concerned government staff, government staff is provided with long-term credit for house construction and new house construction by individual staff receives co-financing from the Government. Banks are providing short-term loans to urban property market. Over the first 5 years, 1,888 persons benefited from this policy.

However, in spite of this effort, the service offered has been limited only to a small number of public servants. Lack of access to land and housing is a critical issue among the poor in most cities and to completely resolve the problems of this group of people is far beyond the financial ability of the government. A critical issue that has caused an environmental degradation and social problems is the uncontrolled urban development whereby the non-poor infringe upon the marginal areas where the urban poor live. In the policy aspect, the early set housing policy has not been comprehensive enough to address the needs of all groups of residents.

Access to infrastructure

Since 1996, urban infrastructure development projects and programs in the Lao PDR have been significantly increased in terms of the number and areas of coverage. Began in four cities at the first stage, today the development projects have been implemented in more than 17 towns and will be expanded further to small towns and rural hinterland. Nowadays, about 10% of the population has an access to the water supply network, 20% higher compared to the figure in 1996. In the whole country the

number of water treatment plants has also increased by 3.6 times and the level of water consumption among the population mounted by 35 times.

With loans from international banks and a part of local funds, the government has also launched road constructions projects. The preliminary objective of the programs is to ensure the connections between different parts of the country by land, one of the conditions believed to play a significant role in enhancing the local economy. Although the project started not for a long time, the result has already been apparent. The situation of public transportation between cities and regions has been significantly improved and this accounts not only for a contribution of the state sector but also the increasing role of the private sector. Apart from this the movement of goods, especially agricultural products, has been reached the situation unknown in the past.

In the capital city, Vientiane, the situation with respect to potable water supply is generally good. The city draws its water from two intakes on the Mekong River both upstream and downstream of Vientiane. It is treated before distribution. Within the urban districts of the Vientiane Prefecture, 81.2 per cent of the urban households had access to potable water in 1998. The average per capita consumption was estimated at 150 liters per day, but for poor urban households average per capita consumption was estimated at only 80 liters per day. The quality and reliability of the supply is good. Piped water is available continuously over the full 24 hours in most parts of the city, although water pressure can be low during periods of peak demand. The water supply network has benefited from recent investments with funding from JICA and ADB.

In 1998, 74 per cent of the urban households in Vientiane had access to satisfactory sanitation facilities such as cistern flush or pour flush toilets. However, the methods adopted for treatment and disposal of wastewater are generally not satisfactory. With the exception of a short 2.8 kilometer interceptor and an associated waste stabilization pond, there is no sewerage system in Vientiane. Most households rely on soak pits for wastewater disposal. A 1996 survey by the Vientiane Integrated Urban Development Project (VIUDP) found 63 per cent of the households with such a sanitation system. In the same survey, 34 per cent of the households used a septic tank for excreta disposal, 2 per cent discharged human waste directly into the drainage system, while 1 per cent used a dry pit latrine. Due to the low absorption capacity of the soil and the high ground water table in Vientiane, many soakaways fail to operate effectively, causing discharge of sewage from pits and tanks into road side drains, drainage channels and low-lying areas.

The flat and low-lying topography of Vientiane combined with its proximity to the Mekong River means that storm water drainage is a perennial problem resulting in frequent flooding of large parts of the urban area. Until recently, there was virtually no lined drainage in the city and over 50 per cent of the 150 villages in the urban area of Vientiane faced inundation for long periods, often more than three or fourth months in a year. The ADB-funded Vientiane Integrated Urban Development Project (VIUDP) has remedied this situation to some extent through the construction of major storm water drains, but problems persist, because the primary network remains incomplete and most of the secondary and tertiary network has not yet been improved.

The frequent flooding in the urban areas of Vientiane (and elsewhere) has contributed to the poor state of repair of many roads which also suffer from a lack of regular and adequate maintenance. This in turn is due to a lack of resources for the maintenance of both roads and drains. Of the approximately 300 kilometers of roads in the urban area of Vientiane, only 128 kilometers (33 per cent) is paved and of this only 60 kilometers is evaluated as being in good condition. The remaining roads comprise earth or gravel surfaced secondary and tertiary roads of which some 146 kilometers has also been evaluated as being in poor condition.

Household coverage by electricity supply within the urban area of Vientiane was estimated at 93 per cent in 1997 and is estimated to be even higher today. Because of an abundant supply of hydro-power, electricity is relatively cheap and the distribution system is generally reliable. Even among the poor, a relatively high proportion of the households is connected either directly or indirectly to the system: 47 per cent with their own meter, 42 per cent with a shared meter and only 11 per cent without a connection. The number of telephone lines installed in Vientiane was around 26,600 representing around 98 telephone connections per 1000 inhabitants.

Government strategy

The Government recognizes the need to develop the urban centres and make further improvements of urban infrastructure as critical contributions to the improvement of the urban living conditions and to development of urban centres as engines of economic growth. The objectives in the urban sector are (a) improved management of urban environmental infrastructure and services through the establishment of municipal government administrations, (b) an improved institutional framework for urban planning and development control, (c) the provision of sustainable urban services through greater mobilization of local resources, (d) human resources development and (e) greater involvement of the private sector in the provision of urban services.

In the government strategy, the highest priority is given to the most rapidly urbanizing and larger urban centres, but the attention will progressively turn to the smaller urban areas. With major investments already being made in the urban areas of Vientiane and the Secondary Towns Urban Development Project well under way, the Government is now focusing its attention on the third tier of towns in the country. Many of these towns start to experience urban problems such as insufficient solid waste collection, drainage and sewerage problems and a poor road network, but they lack the financial, human and institutional resources to address the problems adequately.

Urban infrastructure and service targets for 2005

Urban area	Development plan	Water supply (house connection)	Sanitation	Solid waste (coverage)
Vientiane	completed, updated, used in development control	95%	75% improved on-site systems; 50% serviced	90% of hhds and 100% commercial units
Regional centres	completed, updated, used in development control	90%	75% improved on-site systems; 50% serviced	90% of hhds and 100% commercial units
Other provincial capitals	completed, updated, used in development control	80%	50% improved on-site systems; 50% serviced	50% of hhds and 100% commercial units
Small towns	completed, updated, used in development control	60% (+25% public or shared)	50% improved on-site systems; 50% serviced	30% of hhds and 100% commercial units

Chapter 2 Poverty

Incidence of urban poverty

There is no officially adopted measurement of poverty in terms of income in the Lao PDR. Instead, the monthly per capita real consumption of food and non-food items is used because it is expected that there are less fluctuations in consumption than in income. At the national level, 39.5 per cent of the population lived in poverty in 2000 as against 45.0 per cent in 1992-1993. In Vientiane, the incidence of poverty was estimated at 12.2 per cent, with 16.7 per cent for the urban areas of Vientiane and 4.5 per cent for the rural areas of Vientiane.

According to a participatory poverty assessment (PPA) conducted in July-September 2000, 18 per cent of the households in Vientiane can be classified as poor, including 3 per cent who belong to the poorest group where individual cash income may be only \$ 8 per month. The latter group are people without a secure employment, who live in areas with poor drainage and sanitation and poor housing and who have little opportunity to break out of the poverty trap.

Living conditions of the urban poor

The vast majority of the poor live in low-lying wetland areas, which are flooded foremost of the year and where water can reach depth of over a meter during the rainy season. These areas are normally enclosed by unit blocks or town houses and are acutely under-serviced; the poor do not have access to the typical range of sanitation options. Conditions are unhygienic; water and fecal-borne diseases are prevalent and many elderly people are trapped in their houses during the rainy season. There is virtually no practice of household or community management of solid waste. The problems frequently identified by the poor are, in order of priority: lack of adequate drainage, poor access roads, uncollected solid waste and sanitation.

In poor communities of Vientiane, many households share water from supply connections with owners of those connections charging a flat rate of Kip 20,000 per month to poor households for an intermittent supply of water. In a few cases, poor households use well water for domestic purposes, including drinking in some instances. The quality of such water is however very poor due to ground water contamination.

Urban poverty reduction

As mentioned in the 7th Round Table Meeting in November 2000, the Government of the Lao PDR sees poverty reduction as its overarching objective. It has set the year 2020 as the target date to graduate from the group of Least Developed Countries. In the short-term, it is a key objective of the Governor of Vientiane to eradicate urban poverty in Vientiane by the year 2005. The three major elements of the Government Strategy for poverty reduction are:

- to deepen the understanding of the extent and nature of poverty
- to develop and adopt a coherent framework as a basis for investments in poverty reduction
- to monitor poverty and its impact on a continuous basis.

Chapter 3 Environment

The scale and extent of environmental problems in the urban areas of Vientiane is relatively small compared to other cities in the region due to its relatively small size and population, low population density, low level of private-car ownership and relatively low level of industrial activity. However, despite recent investments, there remain few systems in place to ensure that all, and in particular the poor, benefit from environmental improvements and that environmental problems can be controlled in the future.

Urban environmental infrastructure

Vientiane and other urban areas in the Lao PDR do not have a sewerage system. All buildings are supposed to have on-site wastewater disposal and treatment facilities such as septic tanks, but the facilities are often poorly designed, constructed and maintained and therefore perform poorly. The problems with the present system of on-site sanitation is exacerbated by a flat terrain, high water table and low soil permeability, resulting in a failure of the systems, overflow of effluent and pollution of surface waters and drains. It is common practice to dispose sullage to surface drains and drainage channels. As a result, the storm water drainage system is contaminated by wastewater that ends up in the wetlands and marches contributing to environmental degradation.

The collection in small and large towns, has been conducted by both private and state sectors, whereby the public companies have played the most significant role. In 1997, only 5 per cent of the urban households in Vientiane were served by a solid waste collection system and only 10 per cent of the solid waste generated was estimated to be collected. As a result of improvements in the solid waste management system brought about with funding from the Japanese International Cooperation Agency, 40 per cent of the urban households in Vientiane are now served with solid waste collection service. However, in some areas of the city, this percentage is still as low as 25 per cent or less. About half of the solid waste generated is now collected and disposed of at the sanitary land fill facility located 18 kilometers from the city centre. There remain, however, a number of operational and efficiency problems associated with the collection and disposal of solid waste in the city such as low collection efficiency, difficult access to village communities and insufficient resources. In smaller towns, solid waste collection is often limited to commercial establishments in the town centre and the market place.

Growing use of motorized vehicles, particularly motorcycles, on the many unpaved roads in Vientiane and the many construction sites in Vientiane contribute to respiratory problems caused by suspended particulate matter. Improved road maintenance and a gradual surfacing of local access roads is needed to improve the situation. The poor quality of the roads, poor driving, lack of traffic management and of law enforcement have increased road casualties in Vientiane to alarming levels.

Natural urban environment

Wetlands in Vientiane and other urban areas provide a range of functions that are critical for the urban environment. Typical functions include waste assimilation, ground water recharge and the production of natural resources. The wetlands within the urban areas were historically linked and recharged through hydrological connections such as natural streams, rivers and groundwater. As the urban areas develop with buildings and infrastructure, the wetlands are becoming increasingly isolated and their capacity to perform their environmental functions greatly diminishes. Four trends require particular attention:

- Physical destruction of wetlands habitat: This is largely done by filling wetlands to create building space for offices and homes and to a lesser extent by dumping solid waste.
- Pollution: This is primarily the result of the discharge of untreated storm water and sewage, but also the result of dumping of household waste and industrial effluents.
- Over-exploitation: This is caused mainly by over-fishing in wetlands, partly also the result of the reduced capacity of the wetlands to produce fish biomass.

- Introduction of exotic species: These species such as the golden apple snail have been introduced in some wetlands and they are believed to be the host for a human lung parasite. In Vientiane, only for a short time period the species have expanded over a vast area and have caused serious damages to rice plantations.

Government interventions

With support from the United Nations Development Programme (UNDP) and NORAD, the Government is establishing an environmentally sustainable solid waste collection and disposal system in four secondary towns: Luang Prabang, Thakhek, Savannakhet and Pakse, by formulating long-term strategies for waste management, mobilizing community support and encouraging dialogue on waste issues between village heads, UDAAAs and the private sector.

The Government of the Lao PDR and the Danish International Development Agency (DANIDA) have recently reached an agreement for a two-year project to improve the urban environment in Vientiane. The project includes planning, management, training, implementation, construction, supervision and monitoring of physical improvements of urban environmental infrastructure and service delivery systems in an identified demonstration area. The project will give particular attention to the issue of sustainability through stakeholder involvement and ownership, institutional capacity building, public awareness raising, community participation, good governance, gender-specific poverty reduction and training.

Chapter 4 Economic development

During the period under review, Vientiane and other urban areas have undergone enormous change. The New Economic Mechanism policies have generated more economic opportunities with more jobs and production and wealth has increased. One of the most visible aspects of the economic changes that have taken place in the country is the changing composition of urban employment. Formal wage employment is restricted to the urban areas and so is unemployment. Although the process of looking for work already started to be institutionalized and supported through a state employment agency, the urban labor market has not yet been well developed and transparent.

The greater openness to the global economy has had its downside and the economy of the Lao PDR was heavily affected by the Asian Financial Crisis that started in 1997. No information is available on the impact of the Asian Financial Crisis on the economic conditions of the urban poor.

Savings and loan scheme

There is currently only one scheme aimed at providing financial services to the urban poor: the Sihom Savings and Credit Scheme (SIPSACRES) in Vientiane and the scheme covers only a small part of the city. SIPSACRES is a community initiative that emerged during the implementation of the UNDP/UNCHS/UNCDF-funded Sihom rehabilitation project. The goal of SIPSACRES is to provide financial services to poor people who have no or limited access to formal banking institutions, with the aim of improving their living conditions in general and their financial situation in particular. The project currently serves individuals (women, men and children) from low-income communities in 28 villages of the Chantaboury district of Vientiane. In 2000, there were approximately 350 savings groups.

The services provided include: (a) savings: individuals can become a member by forming a group of 4-10 persons and agreeing on a fixed minimum amount of savings per month (Kip 2,000–10,000); (b) children's savings scheme: children can participate and make deposits like adult, but withdrawals have to be supervised by an adult or are only permitted once the child is 18 years old; (c) loans: three types of loans are available: regular loans, special loans and emergency loans. There are no conditions on the use of the loans, although the regular and special loans tend to be used by low-income people to engage in business and other productive activities. The regular loans (up to twice the savings) have a repayment period of six months, while the special loans (up to Kip 100,000) are to be repaid in a shorter period. The emergency loans (up to Kip 100,000) generally enable poor households to shoulder the costs of accidents and serious illness. The interest rates increased from 2 per cent per month in 1995 to 6 per cent per month in 1999, due to high rates of inflation in recent years. The average loan size is Kip 280,000 and over 500 loans are taken out each year.

Chapter 5 Governance

During the period under review, one of the most important policy decisions of the Government has been the decentralization of responsibilities for urban development from the ministerial departments at provincial and prefecture level to the level of an urban local authority. Urban governance has undergone a major transition during the last few years. Until recently, the Ministry of Communication, Transport, Post and Construction through its provincial and prefectural departments was responsible for urban planning and management along with its responsibilities for rural areas. Financing public sector investment in urban areas was made entirely through the annual budget allocation from national to provincial level government and no specific budget heading was made for urban infrastructure maintenance. In 1995, the Government initiated a programme of decentralization, including a step toward a decentralized form of urban administration.

Creation of UDAA's

On 4 April 1995, the Government created the Vientiane Urban Development Management Committee (VUDMC) under Decree 40/FAMC with the responsibility for the planning, management and implementation of all infrastructure development and maintenance in the villages that together form the urban areas of Vientiane. The creation of the VUDMC was the first step in the process of decentralization of government responsibilities for the development and maintenance of urban infrastructure and services. The VUDMC took over the responsibilities performed until then by the Department of Communication, Transport, Post and Construction (DCTPC) of the Ministry of the same name in the Prefecture of Vientiane. The intention was to replicate this structure for other urban areas.

On 22 October 1997, the Government issued Decree 177/PM to create Urban Development and Administration Authorities in the provincial capitals of Luang Prabang, Thakhek, Savannakhet and Pakse. Subsequently, the Government issued a new Decree (14/PM) on 23 February 1999 to replace the VUDMC with the Vientiane Urban Development and Administration Authority (VUDAA). The VUDAA is an administrative organization within the administrative apparatus of the Vientiane Prefecture to plan and manage the implementation of urban development activities in the four urban districts under its jurisdiction.

More recently, the Government issued Decree 141/PM dated 31 May 2000 to define the organizational set-up and operational responsibilities of the VUDAA and other Urban Development and Administration Authorities. Decree 141/PM states that UDAAAs have a status equal to a division in a provincial or prefecture government. They are financially independent and capable of generating own revenue. They have the right to make use of this income for urban development and administration. They are to make annual budget plans and submit these for the approval of the government.

With the objective to improve the conditions whereby revenue can be mobilized and expenditures can be planned and balanced in terms of current and capital expenditures, the Government issued Instruction 01/PM on 11 March 2000. This instruction states that according to the policy of the Government that the provinces are the strategic units, the districts are the planning and budgeting units and the villages are the implementation units.

The Law on Urban Planning

The Law on urban planning, approved by a decree of the President of the Lao People's Democratic Republic on 26 April 1999, outlines principles, regulations and actions regarding land use and management, constructions and buildings within the territory of the Lao PDR. It has a purpose to encourage the enforcement of relevant policies and laws in order to develop safe, healthy and sustainable cities according to the principles of the national socio-economic development plans, and to protect the national heritage, architecture, culture, environment and natural scenery. The Government recognizes the importance of community participation in the planning, implementation and monitoring of physical improvements and other interventions. The future development planning process will apply a bottom-up approach where submissions from villagers are integrated into District Development Plans which are again integrated into the Provincial Development Plan. Decision 37/PM of the Prime Minister dated September 1999 enforces full involvement by beneficiary communities in the development of water supply and wastewater management systems from inception to the operational stage. However, departments and organizations involved in urban planning have very limited experience with participatory planning and management.

Capacity building

The overall capacity of the UDAAAs is still insufficient to effectively perform all of their new functions and to exercise its authority to generate revenue and manage its financial resources. While management and operational systems are in the process of being established, they are still in a nascent stage. The number of staff has increased, but in many cases, the new staff lacks experience and skills appropriate to their respective positions. The Government sees capacity building as the greatest challenge in the process of decentralization.

There is a need for further development of the municipal systems and for extensive human resources development to enable the UDAAAs to perform their delegated tasks. Decentralization requires the reallocation of human, material and financial resources from central ministries to new urban local administrations and the acceleration of much needed capacity building and training programmes to enable these administrations to shoulder their new responsibilities. The Asian Development Bank has supported the Government in these efforts to build institutional capacities within the newly formed decentralized system of governance.

From late 1998 until late 2000, the Urban Research Institute conducted the Advanced Urban Planning and Management Programme (AUPM) to train urban planners and managers from Vientiane and provincial towns. The programme was part of the Vientiane Integrated Urban Development Project and funded by a loan from the Asian Development Bank. It consisted of four 9-month training courses with around 20 participants each from all the provinces of the Lao PDR. The objectives of the Programme were fourfold: (a) to upgrade the knowledge and skills of urban planners and managers; (b) to train trainers in urban planning and management topics; (c) to prepare selected participants for further studies abroad; and (d) to build the training capacity of the Urban Research Institute. One- or two-week long sessions covered such areas as urban planning, housing, economics, urban conservation, municipal finance and information technology. An important component of the programme was the learning of English for urban professionals, since this would enable the participants to gain access to vast resources of knowledge from books and journals, consultants and consultant reports and even the Internet. Each course was completed with a period of fieldwork to study and report on a particular urban problem. In total, over 80 urban planners and managers attended the Programme.

The Government and the Asian Development Bank are preparing more capacity building programmes to meet the needs of the UDAs. The programmes will focus on the maintenance of urban infrastructure, financial management, development control, infrastructure planning and design, contract management and community participation.

Chapter 6 International Cooperation

Most international donor programmes to the Lao PDR are aimed at either national level infrastructure or rural development in accordance with the priorities of the Government. . There has been, however, extensive external assistance to the urban sector in Vientiane, as well as to the secondary towns of the Lao PDR. The external assistance to Vientiane is listed in the table below.

External Assistance to the Urban Sector in Vientiane

Project	Funding agency	Loan (%)	Grant (%)	Cost (\$million)	Period	Status
Vientiane Water Supply Upgrading and Rehabilitation	JICA/ADB	50	50	37.80	1993-98	C
Vientiane Integrated Urban Development Project	ADB	90	10	27,00	1995-2000	C
Rehabilitation and Improvement to 7 Roads in Vientiane	Lao PDR/Thailand	-	100	76.50	1996-2000	C
Interceptor Sewer and WSP at That Luang	EU	-	100	1.00	1996-97	C
Sihom Rehabilitation	UNCDF	-	100	3.80	1990-97	C
Mekong River Bank Protection	EU	-	100	1.20	1994-1997	C
Renovation of Vientiane Airport	JICA	-	100	5.90	1996-99	C

Solid Waste Management System Vientiane	JICA	-	100	6.50	1997-99	C
Cultural Heritage and Conservation	France	-	100	?	199?-2000	C
Water Supply Distribution System Improvement	AfD	-	100	?	2000-?	On
Support to UDAA Project	ADB	-	100	0.6	1998-2000	C
Capacity Building for Urban Development Administration	ADB	-	100	0.7	2000-2002	On

Note: C= completed; On= on-going

The Government of the Lao PDR is coordinating the donor assistance through the Committee for Investment Cooperation (CIC). However, the effectiveness of donor coordination has not been optimal, which is not surprising with over 30 bilateral and multilateral donors in the country. The Asian Development Bank is currently funding Technical Assistance for Aid Coordination and Monitoring in order to assist the Government in improving the coordination and monitoring of external development assistance.

Chapter 7 Future Actions and Initiatives

A policy paper concerning a five-year urban development plan (2001-2005) approved in the Ministry of Communication Transport Post and Construction sets the objectives as :

- Outline a long term strategic plan with a focus to provide guidelines and directions for urban development and management.
- Strengthen the legal enforcement and, on a continual basis, reviewing and restructuring the existing regulations to meet the needs of urban development
- Effective urban planning and management through the decentralisation of urban administration and establishment of urban focus-authorities
- Attaining sustainability in the delivery of urban services through housing, infrastructure (integrated urban development) development programmes and at the same time aiming at greater local resource mobilisation and cost recovery
- Promoting the productions of construction materials inside the country in order to fully cover the local demands
- Encouraging and providing incentives for private sector participation in the delivery of urban services
- Human resource development

The Law on Urban Planning, approved in 1999 by the President of the Lao PDR, assigns to the Ministry of Communication, Transport, Post and Construction, through its Department of Housing and Town Planning (DHUP), the following authorities and duties :

- Outline and submit for approval by central government strategic plans, national comprehensive plans, regional plans and provincial plans;
- Outline rules, technical standards, principles, regulations and instructions concerning urban planning;
- Consider and approve City Plans for cities of provincial, prefectural and special zone significance;
- Inspect, monitor and evaluate urban planning implementation.

Fully aware, based on the Urban Law, on the one hand of the leadership role it has to assume in national and regional physical planning and infrastructure planning and development; fully aware on the other hand that urban planning and management at local level is well on its track with the development of UDAs supported the Department of Local Administration and by capital investments from ADB and bilateral donors; and finally fully aware that equitable infrastructure development must address not a small part but the major part of the population, specially the poor, DHUP has launched at the end of the year 2000 an ambitious global initiative dubbed COMNAPDEV, comprehensive national physical planning and development.

Approved by the Prime Minister Office first as a five year programme of DHUP by Decision no. 059/CIC of 19 January 2001, COMNAPDEV has the following development objectives assigned it :

- Poverty reduction, improving living conditions of the urban and rural poor through basic infrastructure development seen in the perspective of urban-rural linkages;
- Participatory planning, empowering local communities and authorities within the urban and rural basic infrastructure planning and implementation process;
- Environmental protection;
- Security of persons, goods and investments.

In 2001, the first actions to be undertaken will be to setup the information base and cartographic base leading to the implementation of a computerized national geographical information system / information management system (GIS/IMS) and the drafting and regional and local consultations leading to the approval of a National Urban-Rural Basic Infrastructure Development Strategy (NURBIDS).

Future actions include the development and refinement of basic infrastructure participatory planning, programming and implementation methodologies, undertaking feasibility studies of applying the participatory methodologies at large scale in the regions, and identifying and formulating with various partners technical assistance and capital investment programmes to concretize NURBIDS.