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Ministry of Public Work and Transport

# Second National Progress Report on the Implementation of the New Urban Agenda

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IMPLEMENTING  
THE NEW  
URBAN AGENDA



## Contact details

Name: Dr. Viengnam Douangphachan

Position/Role: Director General

Ministry/Office Department: Department of Housing and Urban Planning (DHUP), Ministry of Public Works and Transport (MPWT)

Email Address: viengnam@gmail.com

Phone number: +856 20 55 550 844

Name: Ms. Bannaseng Syphoxay

Position/Role: Deputy Director General

Ministry/Office Department: DHUP, MPWT

Email Address: bannaseng@gmail.com

Phone number: +856 20 55 305 588

The Second National Progress Report on the Implementation of the New Urban Agenda is the second publication on the progress in Lao PDR on the New Urban Agenda. The First National Progress Report on the Implementation of the New Urban Agenda was published in September 2021.

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# Abbreviations

Full name	Abbreviation
ASEAN Smart City Framework	ASCF
ASEAN Smart City Network	ASCN
Asian Development Bank	ADB
Association of Southeast Asian Nations	ASEAN
ASEAN Sustainable Urbanisation Strategy	ASUS
Department of Housing and Urban Planning	DHUP
Ecosystem-based Adaptation	EbA
Economic Research Institute for ASEAN and East Asia	ERIA
Green Climate Fund	GCF
Global Green Growth Institute	GGGI
Government of Lao PDR	GoL
Global Environment Facility	GEF
Housing and Urban Sector Strategy	HUSS
Lao People's Democratic Republic	Lao PDR
Lao Civil Society Coordination Committee	LCCC
Least Developed Country	LDC
Lao Microfinance Association	LMFA
Lao National Urban Forum	LNUF
Lao Statistics Bureau	LSB
Ministry of Natural Resources and Environment	MoNRE
Ministry of Planning and Investment	MPI
Ministry of Post and Telecommunication	MPT
Mid-Term Review	MTR

Ministry of Public Works and Transport	MPWT
Nature-based Solutions	NbS
National Growth and Poverty Eradication Strategy	NGPES
National Smart City Strategy	NSCS
National Socio-Economic Development Plan	NSEDP
New Urban Agenda	NUA
Operation and Maintenance	O&M
Open Defecation Free	ODF
Organisation for Economic Cooperation and Development	OECD
Small and Medium-Sized Enterprise	SME
Sustainable Development Goal	SDG
Technical and Vocational Education and Training	TVET
United Nations Office for Disaster Risk Reduction	UNDRR
United Nations Economic and Social Commission for Asia and the Pacific	UNESCAP
United Nations Human Settlements Programme	UN-Habitat
United Nations Children's Fund	UNICEF
Unexploded Ordnance	UXO
Vientiane City Office for Management and Service	VCOMS
Voluntary Local Review	VLR
Voluntary National Review	VNR
Vientiane Urban Development and Management Committee	VUMDC
Vientiane Urban Development Administration Authority	VUDAA
World Health Organization	WHO

# Executive Summary

Since 2021, Lao PDR has demonstrated substantial progress in advancing urbanization and addressing the associated challenges of rapid urban growth. Notably, urban population growth rates have reached 4.9% annually, significantly surpassing the national population growth rates of 1.5-1.6% as documented in the proceedings of the 2nd Lao National Urban Forum (LNUF). Despite the ongoing impacts of the COVID-19 pandemic, the country has remained steadfast in its commitment to urban resilience, enhancing infrastructure, and broadening access to essential services across both rural and urban areas.

Key areas of development include initiating a National Smart City Strategy (NSCS), significant enhancements in housing and land tenure security, and considerable advancements in urban spatial planning. Furthermore, concerted efforts in capacity building continue to play a pivotal role in shaping a sustainable urban future for Lao PDR. The urban population, which stood at 37% in 2020, is projected to increase to 47% by 2025, according to the findings from the 1st LNUF proceedings.

The urgency of these initiatives is underscored by the 2023 UN-Habitat Lao PDR Country Report, which highlights the critical need for comprehensive urban transformation to effectively address challenges such as rapid urbanization, climate change, and social inequality. This report emphasizes that these efforts are not only necessary for immediate improvements but are also essential for the long-term sustainability and inclusivity of urban development in Lao PDR.

In conclusion, Lao PDR's ongoing initiatives, thoroughly aligned with the Sustainable Development Goals (SDGs) and the New Urban Agenda (NUA), reflect a robust commitment to transforming its urban landscapes. The nation's focus on developing smart urban strategies, securing land tenure, and enhancing spatial planning continues to contribute significantly to its resilience and sustainable growth. These efforts are vital in navigating the complexities of urban expansion and in achieving the objectives outlined in both national and international development agendas.

# Stakeholders and Partnerships

This report was prepared by the Department of Housing and Urban Planning (DHUP) on behalf of MPWT and the UN-Habitat office. In addition to the Guidelines for Reporting on the Implementation of the New Urban Agenda (NUA), Guidelines on Urban and Territorial Planning and International Guidelines on Decentralisation and Access to Basic Services for All, several government official documents have been reviewed. These include laws, by-laws, National Socio-Economic Development Plans (NSEDPP), reports, especially the Sustainable Development Goals (SDGs), Voluntary National Review, Voluntary Local Review, and newspaper articles.

On top of that, various annual reports, project documents, and other reports or official documents published by international organisations, as well as bilateral donors, have also been reviewed and referenced for this paper.

## **Disclaimer:**

Although the paper was circulated among partners for their comments and suggestions, some of the opinions expressed in this paper may not necessarily represent their official positions nor the view of MPWT.



# Sustainable Development Goals

Following the completion of the 8th National Socio-Economic Development Plan (NSED) for 2016-2020, Lao PDR has continued to robustly embed the SDGs into its national policies under the 9th NSED (2021-2025). This integration includes economic, social, and environmental SDG indicators tailored to specific five-year development outcomes. In 2017, a significant stride was made with the establishment of a National Steering Committee for SDG implementation, chaired by the Prime Minister, and including key ministries such as the Ministry of Foreign Affairs and the Ministry of Planning and Investment (MPI). This committee underscores Lao PDR's proactive approach to incorporating SDGs into national planning frameworks, notably including its unique SDG 18, "Lives safe from unexploded ordnance (UXO)," reflecting its status as the most heavily bombed country per capita in history.

In 2024, coinciding with the mid-term review of the 9th NSED, Lao PDR undertook its latest Voluntary National Review (VNR) to assess progress towards the 2030 Agenda for Sustainable Development. This comprehensive review involved extensive public consultations with diverse stakeholders, including the National Assembly, civil society organizations, the private sector, universities, international NGOs, UN agencies, and development partners. These discussions were instrumental in evaluating the nation's achievements and challenges in advancing the SDGs (Lao PDR, Voluntary National Review On the implementation of the 2030 Agenda on Sustainable Development, 2024).

The 2024 VNR highlighted several key areas of progress:

1. **Inclusive Economic Growth:** Significant strides in reducing economic vulnerability and enhancing the resilience of the national economy.
2. **Human Resource Development:** Improved access to quality education and healthcare, bolstering human capital and ensuring equitable opportunities.
3. **Environmental Protection and Sustainability:** Continued efforts in natural resource conservation, promoting green growth, and enhancing disaster and climate resilience.
4. **Cross-cutting impacts:** Initiatives that contribute broadly to all primary outcomes, ensuring a holistic approach to sustainable development.

Lao PDR's ongoing commitment to the SDGs is supported by robust national and international collaborations, aimed at ensuring a sustainable, equitable, and prosperous future for all its citizens. This includes targeted efforts to address specific challenges such as UXO clearance under SDG 18, a critical aspect of ensuring safety and development in affected areas.

The comprehensive inclusion and monitoring of these goals underscore Lao PDR's dedicated path toward aligning with global standards and fulfilling its developmental aspirations within the frameworks of the NUA and the 2030 Agenda for Sustainable Development.

# Part 1: Transformative Commitments for Sustainable Urban Development

## 1.1 Sustainable Urban Development for Social Inclusion and Ending Poverty

### 1.1.1 Social Inclusion and Ending Poverty

#### *1.1.1.1 Eradicate Poverty in All Its Forms*

The groundwork for social inclusion and poverty alleviation of Lao PDR can be traced back to the launch of the new economic mechanism in the 1980s, with pivotal milestones, such as the establishment of the National Growth and Poverty Eradication Strategy (NGPES) in 2002. NGPES aimed to halve the number of people living below the poverty line and sustain economic growth at an average of around 7% per year (Lao PDR, 2003)

The Government of Lao PDR has continued its commitment to poverty eradication through the implementation of the 9th NSEDP (2021-2025). The plan introduced various strategic initiatives, including the establishment of growth centres in each province, cooperative farming, and enhanced financial accessibility (Government of the Lao PDR, 2021a). The target to reduce the proportion of poor households from to less than 5% by 2025 remains a key objective. In recent years, Lao PDR has experienced a decline in overall poverty rates, with the national poverty rate decreasing from 24.6% in 2012/13 to 18.3% in 2018/19 and aiming to reduce further to 13.9% by 2025. Notably, this decrease has occurred at a slower pace compared to neighbouring countries such as Cambodia, Myanmar, and Vietnam<sup>1</sup>, indicating that while progress has been made, significant challenges remain. Nevertheless, poverty amongst children remain high. According to the World Bank LEC6<sup>2</sup>, 24% of children live in poor households while half of children in 2018 (UNICEF MODA) suffer three or more deprivations that constitute multidimensional child poverty in Laos. Only 12% of children suffer no deprivation in Laos<sup>3</sup>.

However, progress was not uniform across regions and social groups. The disparities between rural and urban areas are stark, with the poverty rate in rural regions continuing to hover around 24%, in contrast to just 7% in urban centres (ADB, 2024). Although the country has experienced strong economic growth, this growth has not led to a corresponding increase in job creation. As of 2022, the employment ratio was reported at 46%, illustrating that a considerable portion of the workforce is engaged in informal employment or subsistence agriculture.

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<sup>1</sup> The Lao Expenditure and Consumption Survey (LECS) was conducted between June 2018 and June 2019 and between April 2012 and March 2013.

<sup>2</sup> WB Lao Expenditure and Consumption Survey 2020

<sup>3</sup> UNICEF/LSB, 2018, Multiple overlapping Deprivation Analysis for Laos

The COVID-19 pandemic exacerbated existing inequalities, leading to a heightened focus on addressing both economic recovery and social welfare. The pandemic has caused substantial income losses across the labour market, with total losses, including job displacement, reaching approximately KN9.1 trillion—about 5% of the nation's GDP (ADB, 2024). This downturn has deepened vulnerabilities among the most disadvantaged populations, highlighting the fragile state of economic security for many households.

In response to these challenges, the government has implemented several measures aimed at alleviating poverty and promoting social inclusion. Efforts to eradicate poverty have been supported by urban expansion initiatives aimed at improving infrastructure, access to housing, and social services in hazard-prone areas. One significant initiative has been the introduction of a targeted, nutrition-sensitive social assistance program – Nutrition Convergence program (World Bank, 2024). This program is designed to improve nutrition and raise incomes in the country's poorest districts and is planned to be scaled up in the future to expand its reach and effectiveness in supporting households at risk of falling back into poverty.

In addition, UNICEF, in collaboration with the government through the UN Joint Programme on Social Protection, piloted cash-plus initiatives in Savannakhet and Attapeu to enhance health, nutrition, and child protection for pregnant women and mothers with infants. The 2022 evaluation demonstrated that the project led to increased household food intake, improved access to antenatal care, higher rates of birth registration, and increased skilled birth attendance, improving the well-being of participating families.

As a result of these focused efforts, the combination of government initiatives and international support demonstrated tangible outcomes in poverty eradication. Outcomes from social protection measures like cash transfers and food assistance helped mitigate the adverse socio-economic impacts of the pandemic. Despite the projected challenges of inflation and high living costs, upcoming statistics anticipate a continued decline in poverty from 2023 onward. However, the trajectory remains contingent upon ongoing governmental support and capacity to address disparities in rural versus urban settings (Lao PDR, 2024)

Overall, while Lao PDR has made commendable strides in reducing poverty rates between 2021 and 2024, substantial challenges persist, particularly in relation to vulnerability to economic shocks and rising inequality. Thus, ongoing efforts are essential to ensure that economic growth is translated into meaningful job opportunities and that social assistance programs effectively target and support the most vulnerable members of society.

#### *1.1.1.2 Reduce Inequality in Urban Areas by Promoting Equally Shared Opportunities and Benefits*

Between 2021 and 2024, Lao PDR has made notable strides in social inclusion and poverty alleviation, even amidst the challenges posed by the COVID-19 pandemic. The country's poverty alleviation efforts across the last two decades led to significant improvements, lifting over half a million people above the poverty line and achieving the Millennium Development Goals' target of halting extreme poverty. The percentage of families classified as poor, based on the standards set by the National Committee for Rural Development and Poverty Eradication (NCRDPE), has decreased from 22.22% in 2020 to 16.87% in 2023 (UNESCAP, 2023).

Despite these advancements, regional disparities remain a persistent challenge. In 2019, the poverty rate in rural areas was reported at 23.8%, compared to 7% in urban areas, highlighting a widening gap (Lao Statistics Bureau & World Bank, 2020). This divide indicates that while overall poverty rates improved, the benefits were not equitably distributed among different geographical regions. The Gini coefficient, which measures income inequality, revealed an increase from 36.0 in 2013 to 38.8 in 2018, showing a concerning trend of rising inequality, particularly in rural areas where agricultural productivity is traditionally low and heavily impacted by environmental factors (World Bank, 2022).

The Lao government and various stakeholders have attempted to address this inequity through targeted policy measures aimed at fostering inclusive growth. These initiatives include improvements in access to quality education, healthcare, and infrastructure, which are crucial for enabling rural populations to engage meaningfully in economic opportunities. For example, the government has invested in expanding educational facilities and training more teachers, especially in rural areas, with a considerable percentage of trained teachers reported at 97.5% in primary school by 2022 (Lao PDR, 2024). The commitment to ensure that access to public services is proportional and equitable is paramount in narrowing the inequality gap. This is reflected in enhancements to social protection frameworks, which aim to secure economic stability for vulnerable demographics, particularly considering the pandemic's adverse effects.

Looking ahead, Lao PDR recognizes that achieving equitable growth will require coordinated efforts between government, private sector, and civil society to develop policies that not only promote inclusive growth but also protect the most vulnerable from shocks and ensure equal sharing of the benefits of economic advancements. The ongoing endeavours in social inclusion and equitable opportunity, therefore, play a crucial role in continuing to elevate living standards and reducing inequality in the coming years.

#### *1.1.1.3 Achieve Social Inclusion of Vulnerable Groups (Women, Youths, Older People, People with Disabilities, and Migrants)*

In the context of sustainable urban development aimed at fostering social inclusion and eradicating poverty, a key focus has been the enhancement of shock responsive social protection systems, and the improvement of infrastructural facilities aimed at supporting vulnerable populations. The government has worked to broaden the reach of social health protection by launching the National Health Insurance (NHI) scheme for the informal sector in 2016. By the end of 2017, this scheme had expanded to all 17 provinces and 139 districts, covering 5,647,896 people which is equivalent to 73.6% of the total population, except for Vientiane Capital (WHO, 2021). By 2019, existing schemes, such as the National Social Security Fund for the formal sector, were integrated into the NHI scheme, again excluding Vientiane Capital. By the end of 2022, these social health protection schemes covered 94.5% of the population (Lao PDR, 2024).

Programs aimed at improving access to education and vocational training for youth have been prioritized, recognizing the necessity of empowering young people to contribute effectively to economic growth and social cohesion. The participation in organized learning has increased over time, with a reported participation rate reaching 66.6% in 2023 compared to 60.6% in 2016. This indicates progress towards inclusive education, which benefits marginalized youth. There is

also a 25% increase in workers with formal Technical and Vocational Education and Training (TVET) qualifications in the labour force between 2011 and 2021, underscoring the significance of skills development programs in enhancing employability, as articulated in the TVET Development Plan (2021-2025) (Lao PDR, 2024).

In the realm of urban development, the government has also prioritized the integration of disability considerations into urban planning frameworks, ensuring that infrastructure is accessible to all. This aligns with Lao PDR's commitment to the Convention on the Rights of Persons with Disabilities, which emphasizes the need for inclusive environments.

Moreover, programs aimed at increasing the participation of older persons in social and economic activities have been bolstered. Community-based initiatives have been launched to ensure that the elderly are included in local developmental processes, encouraging intergenerational knowledge transfer and active participation. The government's attention to gender-responsive frameworks has also shown promise, as reflected in the increased number of women participating in local governance and economic development programs.

Despite these advancements, several urgent challenges persist. The ongoing impact of urbanization continues to exacerbate inequality, particularly for the most vulnerable. Rapid urban growth often leads to increased cost of living, which disproportionately affects impoverished groups. The government's future strategies will need to tackle these systemic issues to foster a more equitable urban environment.

## 1.1.2 Access to Adequate Housing

### *1.1.2.1 Ensure Access to Adequate and Affordable Housing*

With ongoing reforms targeting housing and poverty alleviation between 2021 and 2024, the government has launched several initiatives aimed at bolstering real estate development and improving living conditions across the nation. For example, through partnerships with international organizations and investment in infrastructure, efforts are underway to expand access to affordable housing while promoting sustainable urbanization (World Bank, Multi-Sector Convergence Approach to Reducing Malnutrition in Lao PDR, 2024). A commitment to increase the number of households with improved living conditions has become a central feature of national development plans (Government of the Lao PDR, 2021a).

In terms of quantitative progress, indicators of housing quality have shown gradual improvement, with initiatives aiming to enhance infrastructure and construction standards, as well as the availability of basic services in newly developed and existing housing projects. Despite these national efforts, many communities, particularly in rural areas, continue to grapple with inadequate housing conditions and insufficient access to safe drinking water and sanitation. Efforts to bridge these gaps emphasize the need for responsive policies and programs focused on social inclusion and targeted support that honours the unique needs of diverse populations, especially marginalized groups.

Recognizing the connection between social welfare and economic development, the government has pledged to ensure equal opportunities for all citizens. This includes increasing

public investment in social services, thereby aiming to provide affordable housing, comprehensive social protection measures, and various community development initiatives. By addressing the structural inequities within the economic landscape—particularly the heavy dependence on agriculture and insufficient urban economic activity—Lao PDR envisions a transformed society capable of breaking the cycles of poverty and enhancing the quality of life for its citizens.

#### *1.1.2.2 Ensure Access to Sustainable Housing Finance Options*

The progress made by Lao PDR in ensuring access to sustainable housing finance options from 2021 to 2024 reflects a gradual improvement in the financial landscape for housing, particularly for marginalized populations. Historically, access to housing finance has been limited, especially for poorer segments of society that lack tangible assets for collateral. By 2024, however, developments in the banking sector and microfinance initiatives have provided more diversified loan products aimed at facilitating housing construction (World Bank, 2024).

Microcredit options in Laos gained traction in the 1990s through village-based credit schemes, which have evolved under the regulatory frameworks established by the Bank of Lao PDR. By 2017, significant improvements in microfinance institutions (MFIs) have been documented, with an estimated 123 MFIs active, serving around 247,000 clients (Lao Microfinance Association, 2024). These microfinance schemes do not require collateral, making them far more accessible than traditional bank loans.

The process for obtaining credit through village banks has become increasingly streamlined, requiring fewer bureaucratic hurdles, with basic eligibility based on membership and adherence to local regulations. The Lao Microfinance Association (MFA) has continued its initiative-taking role in implementing the National Financial Strategy 2018-2025 and emphasizes a vision for 2030 that includes substantial contributions to national poverty alleviation efforts. This strategy aligns with ongoing reforms aimed at enhancing financial inclusion across various economic demographics, including the vulnerable populations that are historically underserved.

Overall, while challenges remain, the trajectory from 2021 to 2024 highlights a burgeoning financial environment for housing in Lao PDR, indicating a focus on sustainable financial options and inclusivity in housing finance.

#### *1.1.2.3 Establish Security of Tenure*

As of 2024, the evidence suggests that the trajectory of tenure security has continued to improve across the nation, supported by continuous efforts in land administration and community engagement. This cements the recognition that security of tenure is a vital ingredient in the ongoing battle against poverty. According to more recent estimates, the Lao government aims to complete land registration and titling efforts by 2030, targeting urban as well as rural areas to foster a comprehensive understanding and appreciation of land rights among its citizens. Furthermore, various local surveys indicate enhanced confidence among communities regarding their land rights over the past three years, bolstered by governmental and international support initiatives aimed at refining land governance.

The focus on establishing security of tenure has shown a concrete correlation with poverty reduction strategies in the country. Preliminary data from 2023 suggests that regions with



effective land titling have experienced a reduction in poverty levels, validating the approach that more secure land rights enable local populations to leverage their assets for economic gain. Thus, while challenges remain, particularly in rural and underserved areas, the trajectory from 2021 to 2024 demonstrates measurable advancements in land registration systems and the associated increase in tenure security that are fundamental to Lao PDR's socio-economic development.

By recognizing the importance of robust land rights and tenure security, the Lao government, in collaboration with international partners, has laid the groundwork for a future where land ownership supports not just individual prosperity but also collective community development (National Assembly, 2019). With ongoing legislative backing and implementation strategies, the foundations are being laid for a more equitable and prosperous society in Lao PDR through the assurance of secure land tenure.

#### *1.1.2.4 Establish Low-Quality Settlements Upgrading Programs*

Lao PDR, with its notably low population density, does not officially experience informal housing or slums akin to those found in other regions. However, local perceptions of low-quality housing are often associated with congested urban areas where residents face inadequate access to open green spaces, sanitation facilities, and drainage systems. Additionally, issues such as irregular road networks, narrow access roads, and inconsistent availability of running water continue to affect the quality of living.

Since 2021, the government has made significant strides in addressing these challenges through urban rehabilitation projects, particularly in Vientiane. These projects aim to enhance living conditions and the structural integrity and safety of residential buildings. Financial backing from international financial organizations and bilateral donors has supported these efforts (UN-Habitat Lao PDR, 2023).

By focusing on investment programs under the Greater Mekong Sub-region and North-South economic corridors, as well as ongoing livable city initiatives in secondary towns, Lao PDR has made noteworthy progress. From 2021 to 2024, these projects have concentrated on improving essential infrastructure, including access roads, drainage systems, and sewerage, alongside enhancements in environmental conditions such as better waste management and sanitation facilities, and reliable service delivery for energy and water supply.

Despite these advancements, urban sprawl remains a persistent challenge. Weak urban planning practices have led to uncontrolled housing developments on the outskirts of urban centers, driven by rural-to-urban migration and the desire to avoid city center congestion. This uncontrolled growth has manifested over several decades, making it crucial for the government to enforce effective developmental regulations to manage expansion successfully. Without a concerted effort in urban planning, there is a risk of transforming these newly developed areas into low-quality settlements, which could necessitate considerably greater resources for future renovation and rehabilitation efforts<sup>4</sup>. While there has been progress in housing upgrading efforts, sustainable urban development practices remain paramount to prevent potential setbacks in housing standards and urban livability.

### 1.1.3 Access to Basic Services

#### *1.1.3.1 Provide Access to Safe Drinking Water, Sanitation, and Solid Waste Disposal*

From 2021 to 2024, Laos's commitment to improving access to basic services, particularly safe drinking water, sanitation, and solid waste disposal, has yielded significant advancements. The MPWT has actively pursued the Water Supply Sector Work Plan 2021-2025, aiming to elevate the proportion of urban households connected to water supply systems. As of 2020, 85% of the general population in Lao PDR has access to at least a basic water supply, with 78.5% in rural areas and 97% in urban areas. For basic sanitation, 69.1% of rural dwellers and 97% of urban dwellers have access, averaging 79.5% nationally. Additionally, 55.6% of the population has access to hygiene facilities with soap and water, with significant differences between rural (45.6%) and urban (73.3%) communities (WHO Regional Office for the Western Pacific, 2023).

In response to mounting pressures on the Mekong, the MPWT established ambitious targets in 2023. They aim to ensure that 85% of urban residents have access to clean and safe water by 2025, with this figure rising to 90% by 2030. This initiative is expected to bolster capacity in the water and sanitation sector at both central and local levels, including water supply enterprises. Additionally, it aims to enhance regulations and institutions related to water supply and sanitation (Lapuekou, 2024).

Lao PDR faces challenges with low waste collection rates and minimal segregation of organic and recyclable materials. Recycling and resource recovery are limited, and open dumping and burning are widespread. Many landfills are poorly managed, and medical and hazardous waste is often disposed of in municipal sites or on vacant land without proper treatment.

Lao PDR has ongoing efforts in making the country Open Defecation Free (ODF). In 2022, Vientiane Capital achieved the ODF status, after the province Bolikhamxay achieved this status in 2020 (UNICEF, 2022).

Due to rapid urbanization and changing lifestyles, waste generation in Lao PDR has doubled over the past 20 years. Currently, about 910,000 tons of waste are produced annually, with projections indicating this could rise to 1.4 million tons by 2035 (WHO, 2024).

Ongoing challenges persist, particularly in securing investment funds amidst the lingering effects of COVID-19 and economic fluctuations. The necessity for enhanced local capacity in managing integrated water supply, sanitation, and waste management systems is critical to address these challenges and meet the SDGs effectively. Therefore, sustained efforts in urban planning and increased local financial mobilization will be pivotal in realizing these ambitious targets.

## 1.2 Sustainable and Inclusive Urban Prosperity and Opportunities for All

### 1.2.1 Inclusive Urban Economy



#### *1.2.1.1 Support for Small and Medium-Sized Enterprises (SMEs)*

As of 2022, SMEs and informal businesses make up 99.8% of all registered enterprises in Lao PDR (Lao PDR, 2024). However, they face significant challenges in accessing adequate financing, which is a major constraint for rural development and sustainable economic growth.

Farmers, for example, struggle to obtain capital due to increased caution by lenders and limited financial management knowledge, leading to higher risks and interest rates. Some farmers use land titles as collateral to access financial resources, but the process of formalizing land titles is lengthy, costly, and difficult, with only 20% to 30% of land titles formalized in rural areas (LCCC, 2024).

The government has focused on enhancing the performance of SMEs by directly addressing the needs outlined in the previous NSEDP, ensuring that local institutions are equipped to deliver essential services to this sector. Efforts have been concentrated on developing financial accessibility and managerial capabilities among SMEs. For instance, initiatives have been implemented to improve business management skills in areas such as financial planning, marketing strategies, compliance with laws, and technology integration. These developments underscore a commitment to building a robust ecosystem for SMEs, with particular emphasis on fostering peer networks that facilitate shared experiences and learning opportunities.

Additionally, urgent barriers remain that need addressing for the enhanced opportunity of SMEs. Capital insufficiency and limited access to structured financing must be rectified to encourage investment growth. Concurrently, improving the knowledge and skills of SME owners and workers in business operations and production technologies emerges as an essential focus. Expanding market access to include international consumers is another critical step for enhancing the competitive capacity of SMEs (ERIA/OECD, 2024).

To address these challenges, ongoing collaboration between the government, financial institutions, and international partners will be vital. A comprehensive database for SMEs is also needed to facilitate better access to information and resources. Overall, the trajectory from 2021 to 2024 reflects a stronger commitment to establishing a sustainable and inclusive urban economy, focused on empowering SMEs as essential drivers of economic development in Lao PDR.

Moreover, developing a comprehensive database for SMEs is needed to facilitate better access to information and resources. Overall, the trajectory from 2021 to 2024 reflects a stronger commitment to establishing a sustainable and inclusive urban economy, aimed at empowering SMEs as essential drivers of economic development in Lao PDR (OECD, 2024).

Strategic interventions include capacity-building programs for local entrepreneurs, promoting access to microfinance, and facilitating markets for local products. The Smart City Strategy has further enhanced these initiatives by integrating digital platforms that empower local businesses, improving their market access and competitiveness (MPWT, 2024). Overall, these efforts aim to create a more inclusive economic environment that supports the livelihoods of urban residents.

### *1.2.1.2 Promoting an Enabling, Fair, and Responsible Business Environment*

Building on previous reforms initiated by the 8th National Socioeconomic Development Plan (NSED) (2016-2020) and the Prime Minister's Order No. 02, which aimed to simplify regulatory frameworks and enhance coordination among ten central government ministries, Lao PDR has continued to prioritize improvements in its business environment. In 2020, Lao PDR was ranked 154 out of 190 countries, reflecting an improvement from its previous ranks of 159 in 2014 and 134 in 2016 (World Bank, 2020). These rankings underscore the government's commitment to substantial progress in reducing bureaucratic red tape and facilitating easier business operations.

In addition to these advancements, the amended Law on Investment Promotion (LIP), effective from April 2017, has reinforced efforts to attract both domestic and foreign investments. The LIP now includes special incentives for several priority sectors, such as technology, scientific research, ecotourism, and health services (OECD, 2024). This forward-looking framework significantly reduces bureaucratic hurdles by simplifying business application processes and expediting government approvals. Notably, investments made in Zone 1 and Zone 2 benefit from a profit tax exemption ranging from 4 to 15 years, alongside VAT and tariff exemptions for essential imports (Lao PDR, 2016)

The overarching goals of these reforms align not only with national strategic priorities but also resonate with global standards for economic governance, thereby positioning Lao PDR favorably within the regional business landscape. As Lao PDR continues this trajectory toward enhanced economic competitiveness, the combination of streamlined processes, supportive legislation, and investment incentives sets a promising foundation for fostering innovation and creating a vibrant urban economy where all citizens can thrive.

## 1.2.2 Sustainable Prosperity for All

### *1.2.2.1 Develop Urban-Rural Linkages to Maximize Productivity*

In the years 2021 to 2024, Lao PDR has made substantial strides in enhancing urban-rural linkages to maximize productivity, particularly in response to the challenges posed by the COVID-19 pandemic. The disruptions caused by border closures have highlighted the imperative of self-reliance in agricultural production, prompting the government to focus on strengthening connectivity between urban centers and rural sectors. To facilitate this integration, the government has prioritized the improvement of transportation infrastructure, specifically the construction of new roads connecting districts, provincial capitals, and the national capital, Vientiane (World Bank, 2022).

Investment in road infrastructure in Laos has primarily targeted national highways, resulting in inadequate service to more remote regions. Only 15% of the national road network is paved, and of these, 40% are in poor or bad condition. Additionally, 40% of unpaved roads become impassable during the wet season. The increasing frequency of extreme weather events, such as heavy rainfall and flooding, is further deteriorating the usability of existing roads (World Bank, 2024).

On the production front, the government has strategically redirected its focus towards enhancing agricultural productivity and sustainability. Initiatives have been directed towards diversifying agricultural output, promoting the cultivation of crops such as coffee, vegetables, and fruits, and enhancing reservoir fisheries and aquaculture (Lao PDR, 2015). Livestock farming has also gained emphasis, along with the cultivation of crops suited for mountainous environments.

Overall, these initiatives are projected to generate employment and increase income levels, reaffirming the importance of urban-rural linkages in Lao PDR's development trajectory. The ongoing reinforcement of these connections, along with a focus on sustainable agricultural practices, represents a crucial component of Lao PDR's ambition to foster inclusive and resilient growth. Furthermore, these efforts are indicative of a broader initiative aiming to enhance food security while stimulating economic opportunities nationwide, particularly benefiting vulnerable population segments (Lao PDR, 2024).

## 1.3 Environmentally Sustainable and Resilient Urban Development

### 1.3.1 Resilience, Mitigation, and Adaptation of Cities and Human Settlements

#### *1.3.1.1 Implement Climate Change Mitigation and Adaptation Actions*

Lao PDR remains committed to its obligations under the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, with a target to reduce greenhouse gas emissions by 60% by 2030 compared to a baseline scenario. This commitment is operationalized through the 2024 NDC Implementation Plan, developed with technical support from the Global Green Growth Institute (Lao PDR & Global Green Growth Institute, 2024) and funded by the Partnership Action Fund (PAF). The plan provides a structured five-year roadmap for translating ambitious climate objectives into actionable programs while aligning with national priorities such as the National Socio-Economic Development Plan (NSEDPlan) and the National Green Growth Strategy. Recognizing the rapid pace of urbanization and the growing vulnerabilities of cities to climate change, Lao PDR has placed a strong emphasis on urban resilience, green infrastructure, and sustainable urban development.

#### Mitigation Measures with an Urban Focus

Urban areas in Lao PDR are central to the country's mitigation efforts, with policies targeting sustainable energy use, emissions reduction in transport, and efficient waste management. Recognizing that cities are significant contributors to greenhouse gas emissions, Lao PDR has committed to expanding renewable energy adoption in urban areas, particularly through solar rooftops on public buildings and district-wide clean energy transition projects in key cities. The national energy efficiency program, which includes retrofitting street lighting with LED technology and increasing the use of energy-efficient appliances in commercial buildings, is expected to significantly reduce urban energy consumption and emissions.

Urban transport is another key priority. The government is advancing low-emission mobility solutions by developing Bus Rapid Transit (BRT) systems in Vientiane and expanding non-motorized transport infrastructure to encourage walking and cycling. The expansion of the Lao-China Railway provides a viable alternative to road freight, reducing emissions from urban logistics and intercity travel. Additionally, policies promoting electric vehicle (EV) adoption aim for 30% market penetration by 2030, reducing emissions from private vehicles and supporting a cleaner urban transport network.

In waste management, Lao PDR is scaling up municipal solid waste processing facilities, focusing on improving waste collection efficiency, enhancing recycling programs, and piloting waste-to-energy projects in Vientiane and other secondary cities. These efforts contribute to reducing landfill methane emissions, a critical component of the country's overall mitigation strategy.

#### Adaptation Measures for Urban Resilience

Adaptation strategies focus on strengthening urban infrastructure and enhancing climate resilience in cities that are increasingly exposed to extreme weather events such as flooding, heatwaves, and heavy rainfall. The government has prioritized integrating Nature-Based Solutions (NbS) into urban planning, particularly through riverbank restoration, urban wetlands, and permeable surface initiatives to reduce flood risks. Investments in urban drainage systems and flood management infrastructure are being expanded, particularly in Vientiane, Luang Prabang, and Pakse, where urban expansion has heightened climate vulnerabilities.

To ensure that cities remain liveable and resilient, Lao PDR has strengthened urban planning policies to promote compact, climate-resilient cities with green building incentives and sustainable land-use zoning regulations. The National Strategy on Climate Change 2030 and the Building Code Revisions emphasize climate-responsive building designs, cool roofs, and passive cooling techniques to mitigate the effects of rising temperatures in urban environments. The government is also supporting urban reforestation programs, with an aim to increase green spaces in Vientiane and provincial cities, reducing heat stress and improving air quality.

To bolster community resilience, localized climate risk assessments and early warning systems have been integrated into urban disaster risk reduction programs. The National Steering Committee on Climate Change (NSCCC) (Lao PDR, 2010) plays a key role in facilitating multi-sectoral engagement, conducting vulnerability assessments, and implementing capacity-building initiatives that involve local governments and urban communities in decision-making processes.

These combined efforts reinforce Lao PDR's commitment to sustainable urbanization, aligning climate action with broader socio-economic development goals. By prioritizing low-carbon urban transport, resilient infrastructure, and nature-based adaptation solutions, the country is fostering climate-resilient cities while actively contributing to global climate commitments.

### 1.3.2 Building Urban Resilience Through Quality Infrastructure and Spatial Planning

Since the ratification of the United Nations Framework Convention on Climate Change (UNFCCC), Lao PDR has made notable strides in integrating climate risk considerations into its urban planning and development frameworks. The increasing frequency of natural disasters, such as seasonal flooding, erosion, and landslides, has catalysed a shift towards more resilient urban strategies. Between 2021 and 2024, the Government of Lao PDR has adopted an array of measures based on the National Strategy on Climate Change (Lao PDR, 2010), aiming to create urban environments that are not only sustainable but also resilient to climate impacts.

Lao PDR has been strengthening urban resilience by integrating climate risk reduction and disaster preparedness into its infrastructure development and spatial planning policies. Led by the Department of Meteorology and Hydrology (DMH) under the Ministry of Natural Resources and Environment (MoNRE), the government has developed a Multi-Hazard Early Warning System (MHEWS) to enhance meteorological and hydrological monitoring, aiming to reduce the

country's vulnerability to climate-induced disasters by leveraging advanced scientific and technological capabilities (UNDRR, 2024). Additionally, DMH has upgraded weather and water monitoring stations to strengthen real-time forecasting capabilities (UNDRR, 2024).

Projects as “Building climate resilience of urban systems through Eco-system based Adaptation in the Asia-Pacific region (Lao PDR Project)”, implemented by MONRE and UNEP and financed by GEF, GoL and national budgets, focus on reducing the vulnerability of poor urban communities in Asia-Pacific LDCs to climate change impacts using EbA (Lao PDR & Global Green Growth Institute, 2024). Priority ecosystems such as wetlands, forests, and agroecological systems are protected so that vulnerability is reduced. The project “Building resilience of urban populations with ecosystem-based solutions in Lao PDR”, implemented by MoNRE and UNEP, funded by GCF and MoNRE, is likewise addressing the increasing impacts of climate change-induced floods on urban areas in Lao PDR. EbA is used in Vientiane, Paksan, Savannakhet, and Pakse (Lao PDR & Global Green Growth Institute, 2024).

In summary, through these concerted actions and collaborations, Lao PDR has made significant progress in enhancing urban resilience and sustainability between 2021 and 2024, showcasing a robust framework designed to withstand the impacts of climate change and natural disasters.

### **1.3.3 Building cities that are safe and fit for children and youths.**

Cities provide children and their families with enhanced access to improved facilities, reliable transportation, quality healthcare, better education, and diverse cultural experiences. However, living in the cities also exposes them to environmental risks such as air pollution, safety concerns, and limited space for living, recreation, and play.

The Lao Social Indicator Survey III (LSIS III) 2023 highlights education disparities that impact children's future opportunities. While primary school attendance in rural areas (0.94) is nearly equal to urban areas, lower secondary (0.68) and upper secondary (0.45) rates remain significantly lower, limiting rural youth's access to continued education. Additionally, rural children have 37% lower proficiency in reading and numeracy, reflecting gaps in school quality and resources. To build inclusive cities that support all children, policies must enhance secondary education access and improve foundational learning, ensuring equitable opportunities for both rural and urban youth.

The vision of child-friendly cities is to ensure that all children have the right to grow up in a safe, secure, and happy environment, with access to basic social services, clean air and water, opportunities to play, learn, and grow, and where their voices are heard and valued. The Child-Friendly Cities Initiative (CFCI) is designed for cities, towns, and municipalities committed to fulfilling children's rights as outlined in the Convention on the Rights of the Child (CRC). To be impactful, CFC initiatives must go beyond plans and intentions, delivering tangible and measurable improvements in children's lives. Meaningful child participation is crucial throughout the process, and policies must promote equity and eliminate discrimination to ensure fairness for all children.

In Lao PDR, CSFI are implemented to create safe and supportive environments for children, especially during emergencies. For example, UNICEF in Laos have been establishing child-friendly spaces in villages to provide children with safe places to play and learn daily. Recently,

vice mayors from three of Laos's four municipalities attended an international conference on children in urban settings, gaining valuable insights into global and ASEAN-specific practices. Although Laos has public parks, they often lack essential child-friendly features that ensure safety and security. Future plans include enhancing child-friendliness within governance, systems, and structures and increasing youth and child participation in maintaining and sustaining urban resources.

## 1.4 Sustainable Management and Use of Natural Resources

### 1.4.1 Drive Resource Conservation and Waste Reduction, Reuse, and Recycling

The recognition of waste accumulation as a pressing public concern has catalysed increased attention and resources, both from international financial institutions and bilateral partnerships, aimed at improving waste management infrastructures. Historically, waste management in urban areas has been a significant challenge, exacerbated by rising urban populations and shifting consumption behaviours. Due to rapid urbanization and evolving lifestyles, waste production in Lao PDR has doubled over the past two decades. Currently, around 910,000 tons of waste are generated annually, and this figure is projected to increase to 1.4 million tons by 2035 (WHO, 2024).

Despite the establishment of a waste management system that includes both public agencies and private sector participation, there remains substantial room for improvement in the effectiveness of these systems. Local governments are now prioritizing enhancements in landfill operation and maintenance (O&M) practices, aiming to prevent the transformation of designated sites into uncontrolled dumping grounds.

In addition to improving basic waste handling practices, which historically focused on a “collect and dispose only” methodology, Lao PDR is transitioning towards a more integrated resource management perspective. This paradigm shift aligns with global trends favouring the principles of Reduce, Reuse, and Recycle (3R). Despite the promotion of these principles over recent decades, the absence of substantial action plans and enforceable regulations at both national and municipal levels has impeded progress towards a waste-to-resources approach.

In response to these challenges, the Global Green Growth Institute (GGGI) has proposed several intervention strategies as part of its green city program in Vientiane. These recommendations emphasize the development of a comprehensive city-wide strategy for solid waste management that incorporates stringent regulation and enforcement, including fines for non-compliance regarding waste segregation. Additionally, GGGI advocates for the introduction of responsibilities for industries to reuse and recycle materials, as well as exploring sustainable options for organic waste management, including composting and anaerobic digestion.

Moreover, the establishment of waste banks and material recovery facilities is envisioned to drive community engagement and efficiency in both urban and rural settings. By addressing these multifaceted issues, Lao PDR aims not only to enhance its waste management framework but also to protect its natural resources in alignment with its green growth objectives. This



holistic approach seeks to ensure that the economic benefits of improved waste management contribute to a healthier environment and a more sustainable future for the country.

### 1.4.2 Adopt a Smart-City Approach That Leverages Digitization, Clean Energy, and Technologies

From 2021 to 2024, Lao PDR has made significant strides in adopting a smart-city approach that leverages digitization, clean energy, and advanced technologies, in alignment with the ASEAN Smart City Framework (ASCF) endorsed in July 2018. The ASCF, which led to the establishment of the ASEAN Smart Cities Network (ASCN), emphasizes a balanced approach to urban development, focusing on enhancing the quality of life for citizens, fostering innovation, and promoting sustainable economic growth. To support the realization of MPWT's Five-Year Development Plan (2021-2025) and the 9th National Socio-Economic Development Plan (2021-2025), the Lao PDR's National Smart City Strategy (NSCS) was developed to create sustainable, inclusive, and digitally enhanced urban spaces for improved quality of life, environmental protection, and economic growth. It highlights the integration of smart technologies and digital infrastructure improvements in urban areas, with specific projects focusing on enhancing digital connectivity and resource efficiency across major cities.

One notable development is the implementation of Integrated Master Planning and Development, which aims to coordinate urban domains systematically. By utilizing geospatial databases, the government can now monitor and plan urban services efficiently, leading to optimized resource allocation. According to the National Urban Sector Strategies for 2030, the MPWT has set a goal for an Urban Planning Information System (UPIS). This system is designed to provide integrated management of urban planning and land-use processes through digital platforms, enabling real-time data access and decision-making.

Furthermore, Lao PDR has advanced in securing digital architecture necessary for smart city functions. The establishment of spatial data information systems and data analytics capabilities has facilitated better urban governance and improved operational efficiencies (Lao PDR, 2023). By integrating ICT networks at city, national, and international levels, the foundation for a cohesive smart city ecosystem has been established, thereby enhancing connectivity and promoting economic resilience (World Bank, 2022).

The involvement of international partners, such as the ADB and the Government of Australia in the ASEAN Smart Cities Initiative (ASCI), has further bolstered these efforts. The establishment of the ASEAN Australia Smart Cities Trust Fund (AASCTF) in 2019 has provided vital financial resources, enabling projects that encourage green infrastructure, renewable energy initiatives, and innovative technology solutions (ADB, 2020).

By 2024, the combination of sophisticated digital systems and inclusive governance models is expected to result in tangible improvements in urban management, which will nurture a more intelligent, sustainable, and inclusive urban environment in Lao PDR. This progress serves as a template not only for local development but also as a model for other cities within the ASEAN region seeking to implement similar smart city initiatives.



## Part 2: Effective Implementation of the New Urban Agenda in Lao PDR

### 2.1 Building the Urban Governance Structure: Establishing a Supportive Framework

#### 2.1.1 Decentralize to enable subnational and local governments to undertake their assigned responsibilities

In 1998, the decentralization of urban governance in Lao PDR was initiated with the Vientiane Integrated Urban Development Project, supported by the Asian Development Bank (ADB). This project led to the formation of the Vientiane Urban Development and Management Committee (VUMDC), which later evolved into the Vientiane Urban Development Administration Authority (VUDAA). VUDAA was tasked with overseeing infrastructure upgrades and urban services, including waste management and sanitation, across Vientiane Capital. As decentralization efforts expanded to four secondary towns between 2002 and 2010 and eventually to 11 provincial capitals and a district with high tourism potential, they encountered challenges including limited financial autonomy and administrative constraints. These issues were critical in shaping the semi-autonomous status of urban governance entities under provincial authorities. At the moment, VUDAA evolved to be the Vientiane City Office for Management and Service (VCOMS).

Despite these hurdles, the Lao government remained committed to decentralization as part of its broader governance reforms, including the "Sam-sang" model (Urban LEDS, 2020). This model focuses on shifting power and decision-making to local governments, enabling village-level development, district-level comprehensively strengthened units, and provincial-level strategic oversight. The Sam-sang model aligns with the government's four breakthrough strategies that emphasize innovative thinking, human resource development, governance, and poverty reduction.

Additionally, under the Lao government's Smart City Strategy, key urban centres like Vientiane and Luang Prabang have adopted initiatives to improve urban management through the integration of smart technologies (MPWT, 2024). The Smart City Strategy emphasizes improving urban services, infrastructure, and sustainability using ICT. Vientiane's Smart Capital City initiative, part of the ASCN, focuses on green infrastructure, digital industrial frameworks, and paperless governance. This initiative, coupled with efforts such as the 2025-2050 Smart City Plan, underscores the importance of sustainable urban development, smart traffic monitoring, and better waste management systems.

The Smart City Strategy adds to the ongoing efforts to decentralize the government's urbanization strategies, by delegating strategic planning to provinces, budgeting responsibilities to districts, and implementation roles to villages. Specific policies and legislative measures are recommended in the Smart City Strategy, which will be elaborated on in the next subsection.

Urban governance reforms and technological integration are critical as Lao PDR continues to address rapid urbanization while seeking to build resilience against environmental and economic challenges. These strategies align with the country's commitments under the SDGs, particularly SDG 11, which focuses on making cities inclusive, safe, resilient, and sustainable.

## 2.1.2 Legal and Policy Frameworks

To implement the Smart City Strategy, Lao PDR relies on established legislative and policy frameworks that are crucial for ensuring balanced socio-economic development and environmental protection. (MPWT, 2024). Key among these frameworks is:

- *Housing and Urban Sector Strategy* (HUSS) (MPWT) aiming for resilient, liveable, and smart urban development by 2023 (MPWT, 2024).
- *The 9<sup>th</sup> National Socio-Economic Development Plan (2021-2025)* (NSED) (Government of the Lao PDR, 2021a) which sets broad socio-economic improvements and supports the country's sustainable growth.
- *National Digital Economy Development Vision 2021-2040* (MTC, 2021) designed to harness the digital economy's transformative potential for national and regional enhancement.
- *Ministry of Public Works and Transports Five-Year Development Plan 2021-2025* (MPWT) which focuses on promoting smart and environmentally friendly cities as part of the broader socio-economic strategy.
- *Decree on Roadmap for New-Era Vientiane Capital Development no. 107/PCCP* outlines a strategic roadmap aimed to transforming Vientiane into a model city of sustainable development.
- *National Green Growth Strategy 2030* (Secretariat for Formulation of NGGS of Lao PDR, 2018) is designed to foster sustainable development through environmentally friendly growth policies.
- *ASEAN Smart City Framework* (ASCN, 2018) provides a collaborative platform for cities in the ASEAN region, including those in Lao PDR, to develop smart and sustainable urban solutions.
- *Strategic Framework for National Sustainable Development Strategy* (WREA, 2008) lays the groundwork for comprehensive national development planning in Lao PDR. It aligns with global sustainability goals and focuses on promoting economic growth, social inclusion, and environmental sustainability.
- *Ministerial (Ministry of Communication, Transport Post and Construction) Codes no. 209* sets out specific standards and regulations for urban planning and construction.

The NSCS should complement and align with the frameworks mentioned above. Detailed mandates and related content can be found in the document on the NSCS.

Following upon the frameworks, linkages between frameworks have been identified as important drivers to achieve the 2030 SDGs (Lao PDR, 2024):

- Strengthening of links between Agenda 2030 and 10<sup>th</sup> NSEDs (2026-2030) building on the conclusion of the 9<sup>th</sup> NSED (2021-2025) with focus on transition and graduation from Least Developed Country (LDC) status and restoring macro-economic stability.
- Implementation of a smooth transition strategy for LDC graduation as a follow up from the CDP LDC 2024 review.
- Synchronization of the implementation of Sectoral development frameworks in line with the 10<sup>th</sup> NSED M&E framework and financing strategy.

### 2.1.3 Multi-Stakeholder Engagement and Partnerships

Recognizing the essential role of inclusive governance, Lao PDR has actively promoted multi-stakeholder engagement in urban decision-making processes. This approach is fundamental to ensuring that urbanization contributes positively to sustainable development.

- **Community participation:** Building on the principles outlined in the NUA and the 2030 Agenda for Sustainable Development, Lao PDR has implemented robust public consultation mechanisms. These include participatory planning workshops, which have been instrumental in integrating residents' insights into urban development projects. The LNUF, such as those held in 2022 and 2023 and the upcoming forum in 2024, exemplify these efforts by involving a wide range of stakeholders in discussions on resilient and inclusive urbanization, thereby fostering a participatory approach to urban policy-making (UN-Habitat & MPWT, 2023) (UN-Habitat & MPWT, 2022).
- **Partnerships:** The collaboration between national entities like the MPWT and international organizations such as UN-Habitat has been pivotal. These partnerships facilitate knowledge exchange and resource sharing, essential for addressing urban challenges effectively. The forums have also served as platforms for advancing the development of National Urban Policies, reflecting a commitment to evidence-based and inclusive urban planning (UN-Habitat & MPWT, 2022).

This strategic engagement of diverse stakeholders not only supports the implementation of the NUA but also aligns with international efforts to enhance urban resilience and inclusivity, ensuring that urban development in Lao PDR is both sustainable and equitable.

### 2.1.4 Monitoring and Evaluation Systems

Lao PDR has implemented effective monitoring and evaluation systems to enhance accountability and transparency in urban governance. These systems are aligned with the NSCS, utilizing a data-driven approach for decision-making and fostering responsive governance structures.

- **Performance Indicators and Data Analytics:** The systems leverage performance indicators derived from the NSCS. These indicators facilitate robust, data-driven governance, enabling accurate assessments of urban policy outcomes and strategic alignment with sustainable urban development goals (MPWT, 2024).
- **Feedback Mechanisms:** Feedback loops between government entities and communities are vital for responsive governance. Digital platforms under the Smart City Strategy enhance public engagement and service delivery, ensuring governance adapts to citizen needs and technological advancements (MPWT, 2024).
- **Regular Reviews and Reporting:** Monitoring and evaluation include regular reviews aligned with the NUA reporting guidelines, ensuring transparency and continuous improvement in urban management. The integration of Smart City initiatives into these reviews further supports the strategic objectives of sustainable and inclusive urban development (MPWT, 2024). The implementation of **Voluntary Local Reviews** brings the evaluations of local communities to the national authorities (UN-Habitat, 2024). The **Voluntary National Review** presents transparent, data-driven situational analysis and progress monitoring of the SDGs (Lao PDR, 2024), which are beneficial to the monitoring of the progress to the NUA.

These enhanced systems ensure that Lao PDR's urban governance remains accountable, transparent, and effectively aligned with both national and international urban development frameworks.

## 2.2 Planning and Managing Urban Spatial Development

### 2.2.1 Implement Integrated and Balanced Territorial Development Policies

In Lao PDR, the implementation of integrated and balanced territorial development policies is guided by the national Law on Urban Planning, first established in 1999 and amended in 2018. This legislative framework articulates seven pivotal principles aimed at ensuring that urban and territorial developments serve as effective hubs for political, administrative, economic, socio-cultural, and service activities. It underscores the commitment to sustainable human settlements, the conservation of the environment, and the preservation of cultural and architectural heritage.

Further, the land use policy is regulated by the National Assembly's Resolution No. 098 of 2018, which delineates the national territory into 70 per cent conservation zones and 30 per cent development zones. This strategic segmentation ensures that land use is managed effectively, balancing developmental needs with environmental conservation. The development zones are further categorized to support agricultural activities and other developmental objectives, highlighting a structured approach to land use that facilitates balanced territorial development.

Internationally recognized urban planning standards are also incorporated, especially in community and township planning. These guidelines, supported by entities like the MPI and the World Bank, advocate for specified land allocations that cater to residential living, public facilities, green spaces, and infrastructure. This methodical allocation supports the holistic development of urban areas while ensuring that land use remains efficient and sustainable.

The shift towards an integrated planning framework is evident through the NSCS. This Strategy has objectives, among others, to introduce long-term and integrated inclusive urban and territorial planning to optimize the spatial dimensions of urban areas and maximize the benefits of urbanization (MPWT, 2024). Systems across the government will be put in place to achieve these objectives, such as adjusting existing and future geospatial information systems in urban and territorial planning and design, land administration and management to a common national standard, compatible for being shared and operated among relevant public and professional agencies and the residents (MPWT, 2024). The MoNRE implements Integrated Spatial Planning into provinces and develops green and clean guidelines for villages and schools (Lao PDR, 2024).

### 2.2.2 Integrate Housing into Urban Development Plans

Reflecting the comprehensive role of housing in both economic and social sectors as emphasized by SDG Indicator 11.1.1, the urban planning legislation of Lao PDR mandates a well-defined urban planning framework that integrates housing seamlessly with other urban functionalities. The Law on Urban Planning enforces a systematic delineation of land for various uses including residential settings that range from detached to high-rise buildings, ensuring diversity in housing types within urban landscapes (Lao PDR, 1999).

The urban plans are designed to incorporate residential areas within a broader framework of mixed land uses, connecting them to various transport options and integrating them with natural landscapes to support and enhance local ecosystems. These plans advocate for compact urban forms that ensure reasonable density and include a mix of parks, community spaces, and diverse housing options, thereby fostering resilient, safe, and secure neighbourhoods with unique identities.

Additionally, the urban planning approach in Lao PDR recommends that housing developments be phased, with immediate construction needs addressed first, followed by long-term plans that anticipate future urban expansion. This phased approach helps in managing resources effectively and aligning development with the actual needs of the population.

Historically, the integration of housing into urban planning has been a priority since the pre-1990s, as evidenced by projects like the Phianglouang urban development plan, which was initially designed for the tentative relocation of the capital city. The inclusion of comprehensive housing elements within the urban development plans reflects a paradigm shift towards sustainable urban forms that improve the quality of the urban environment while addressing challenges like land speculation and uncontrolled urban sprawl.

The ongoing challenge remains to enforce these planning standards effectively to curb illegal land privatization and ensure inclusive urban development that provides adequate housing for all. This requires a concerted effort to strengthen law enforcement in land management and urban planning to prevent excessive resource allocation for land compensation in comprehensive development projects.

### 2.2.3 Include Culture as a Priority Component of Urban Planning

Cultural heritage and traditional elements are fundamental to urban planning in Lao PDR. As mandated by the Urban Planning Law, urban designs must protect and enhance the value of cultural and historical assets, ensuring that urban development respects and seamlessly integrates these elements. This involves the careful preservation of sites and structures like temples and riverbanks, which host significant cultural events and are integral to the community's social fabric.

Updates from the LNUF in 2022 and 2023 further emphasize the need for an integrated approach that considers cultural heritage as a cornerstone of urban development. The forums discussed strategies for sustainable urban growth that include not only economic but also social and cultural dimensions, aiming to create urban environments that foster social benefits and attract economic opportunities through tourism. Specifically, the forums highlighted the importance of involving local communities in the planning process to ensure that development aligns with both traditional values and contemporary urban needs (UN-Habitat & MPWT, 2022) (UN-Habitat & MPWT, 2023).

Furthermore, the NSCS introduces the role of smart technologies in urban planning. This strategy aims to enhance urban efficiency and sustainability while promoting cultural preservation through digital tools. These tools facilitate greater public participation and ensure that urban growth is managed in a way that respects and preserves the rich cultural tapestry of Lao PDR, making cities not only more liveable but also culturally vibrant (MPWT, 2024).

By adhering to these culturally sensitive planning practices, as discussed in the LNUF proceedings and the Smart City Strategy, Lao PDR continues to preserve its rich cultural

heritage. This commitment ensures the development of urban environments that are not only economically beneficial but also socially harmonious and culturally inclusive.

## 2.2.4 Implement Planned Urban Extensions and Infill, Urban Renewal, and Regeneration of Urban Areas

Lao PDR is proactively managing urban sprawl through strategic urban extensions, infill developments, and the renewal and regeneration of existing urban areas. The nation's urban planning initiatives focus on promoting high-density development within designated growth zones like Nongping and along crucial economic corridors adjacent to the high-speed railway extending to the Mekong River. These areas are developed with minimal height restrictions and a floor area ratio (FAR) exceeding 5.0, aimed at fostering vertical growth and efficient land use, which are critical for accommodating population increases and mitigating environmental impacts of sprawl (UN-Habitat & MPWT, 2022).

Urban infill is also a key strategy, optimizing the use of undeveloped or underused parcels within existing urban boundaries to create a more compact urban form. This approach enhances urban functionality, supports sustainable transportation options, and reduces vehicular dependency, thereby contributing to more sustainable urban environments.

The concept of urban renewal and regeneration is integral to Lao PDR's urban strategy, as illustrated by revitalization efforts in the historical parts of the capital and in provincial capitals. These projects are designed to restore economic vitality by improving infrastructure, such as roads, drainage systems, public sanitation facilities, and pedestrian crossings, and by creating spaces conducive to commercial activities.

Moreover, the introduction of "urban regeneration" practices aligns with the Detailed Plan of the National Urban Planning Law, which follows a structured four-phase approach—scoping, planning, financing, and implementation. This methodology ensures the strategic revitalization of underused and underutilized urban areas, enhancing economic efficiency, social harmony, and environmental sustainability.

Lao PDR's urban planning legislation mandates that new town developments or urban extensions should relieve pressure on existing urban areas by fostering employment opportunities, enhancing the environment, and encouraging technological advancement. It also prescribes a strategic gradation in development density based on proximity to urban centres, thus facilitating a balanced and sustainable expansion of urban areas.

## 2.2.5 Improve Capacity for Urban Planning and Design, and Training for Urban Planners at All Levels of Government

In recent years, Laos has taken significant steps to enhance the capacity of urban planners and the sophistication of urban planning and design across the country, as highlighted in several key documents.

The proceedings of the First LNUF in 2022 illustrated efforts to strengthen urban planning capabilities through national and international collaboration. The forum provided a platform for exchanging ideas and best practices, aiming to enhance the skills of urban planners and



policymakers. This initiative emphasized the necessity of continuing education for urban planners to foster sustainable and inclusive urban development (UN-Habitat & MPWT, 2022).

Building on the momentum from the previous year, the Second LNUF in 2023 further explored the resilience and economic aspects of urban development. The discussions focused on improving urban planning capacities to better manage economic growth and recovery in urban areas, highlighting the importance of international cooperation and learning for enhancing training programs and the technical skills of urban planning professionals in Laos (UN-Habitat & MPWT, 2023).

Furthermore, the NSCS of Lao PDR for 2024 provides a comprehensive blueprint for developing smart cities that inherently incorporate advanced urban planning and design capabilities. This strategy outlines the integration of sustainable practices and advanced technologies into urban planning, aiming to improve the training and operational capacity of urban planners to manage complex urban ecosystems and smart city projects effectively (MPWT, 2024).

The project 'Accelerating the Implementation of the ASEAN Sustainable Urbanization Strategy (ASUS) – Phase I' resulted in, amongst other, a city diagnostics report for Kaysone City. This City Diagnostics Report resulted in the 'City Technical Proposal' for Kaysone City which has set the grounds for the introduction of advanced transit management technologies and systems, accelerating the implementation of the ASUS strategy in Kaysone. The ASUS project Phase II is set to begin and enhance the project in Kaysone and extend the project to two other cities in Lao PDR (ASEAN, ASEAN, UN-Habitat advance regional sustainable urban development, 2024).

These documents collectively underscore a strategic push towards enhancing urban planning and training capacities in Laos, leveraging both national initiatives and international collaborations to address the growing complexities of urban management and development.

## 2.2.6 Implement Sustainable Multimodal Public Transport Systems Including Non-Motorized Options

In recent years, Lao PDR has taken significant strides toward implementing sustainable multimodal public transport systems, including non-motorized options. This initiative is part of a broader strategy to enhance urban mobility and align with global sustainability goals.

According to the 2021 National Urban Agenda Report, Lao PDR is actively developing infrastructure to support cycling and walking alongside improving public transit facilities. This approach aims to reduce reliance on motorized vehicles, thereby mitigating environmental impacts such as air pollution and traffic congestion. The report emphasizes the government's commitment to creating a more integrated and environmentally friendly public transport system through collaborations that enhance technical expertise and financial resources (Government of the Lao PDR, 2021b)

The proceedings from the First LNUF (2022) further highlight these developments, discussing the importance of non-motorized transport options in improving urban quality of life. The forum brought together national and international stakeholders to exchange ideas and best practices on urban planning, focusing on how to integrate these sustainable transport solutions effectively (UN-Habitat & MPWT, 2022).

Building on the momentum, the Second LNUF (2023) continued to explore strategies for expanding public transportation networks and enhancing the safety and usability of non-motorized transport. This forum underscored the role of international cooperation in fostering the necessary technical capabilities for implementing comprehensive and sustainable transport systems (UN-Habitat & MPWT, 2023).

Furthermore, the NSCS of Lao PDR (2024) proposes integrating advanced technologies with sustainable practices in urban planning. This strategy includes developing smart transport solutions that are efficient and minimize environmental footprints, showcasing Lao PDR's forward-thinking approach to urban development (MPWT, 2024). These documents collectively underscore Lao PDR's strategic focus on enhancing urban transport systems to be more sustainable and inclusive, setting a solid foundation for future developments in urban mobility.

To encourage a shift from private vehicles to public transport, the city's bus service, the Vientiane Capital State Bus Enterprise (VCSBE), has been improving its services from the central bus station to other points in Vientiane. To help transform Vientiane into a sustainable city, the Lao PDR government is introducing a bus rapid transit (BRT) system linked to the VCSBE bus networks and other transport modes. In addition, through the Vientiane Sustainable Urban Transport Project (VSUTP), the Lao PDR government has found supportive allies that share the same goals—steering Vientiane away from its current unsustainable path (Lao PDR, 2024).

## 2.3 Means of Implementation

### 2.3.1 Mobilization of Financial Resources

#### *2.3.1.1 Mobilize Endogenous (Internal) Sources of Finance and Expand the Revenue Base of Subnational and Local Government*

In the 2021 National Urban Agenda Report, Lao PDR recognizes the importance of improving local financial management and revenue collection capabilities. The report discusses strategies to increase local revenue through better tax administration, optimizing land use fees, and improving property tax collections. This strategic approach not only ensures a steady flow of internal revenue but also supports the autonomy and capacity of local governments to manage and finance urban development projects effectively (Government of the Lao PDR, 2021b).

The NSCS of Lao PDR (2024) aligns with these financial strategies by advocating for the use of smart technologies to streamline revenue collection and financial management at the local level. By integrating advanced data analytics and digital platforms, local authorities can more efficiently manage resources, enhance accountability, and increase transparency in financial operations. This approach is expected to lead to more sustainable financial practices and greater self-sufficiency (MPWT, 2024).

Additionally, the discussions held during the Second LNUF (2023) further emphasize the need for local governments to innovate their financial strategies. The forum highlighted the success of pilot projects where local governments have introduced local fees and charges for services and utilities that are tailored to the economic capabilities of their residents. This not only broadens



the revenue base but also fosters a culture of responsibility and participation among citizens, enhancing their contribution to local development (UN-Habitat & MPWT, 2023).

These documents collectively underscore a strategic move towards empowering local governments in Lao PDR through the enhancement of internal financial mechanisms. This is pivotal for achieving long-term sustainability and resilience in urban development and governance.

## 2.3.2 Capacity Development

### *2.3.2.1 Expand Opportunities for City-to-City Cooperation and Fostering Exchanges for Urban Solutions and Mutual Learning*

The 2021 National Urban Agenda Report describes that Lao PDR is actively engaging in city-to-city cooperation to harness shared knowledge and experiences in urban development. This initiative involves partnerships with both domestic and international cities to facilitate the exchange of best practices and solutions that address common urban challenges such as infrastructure development, environmental management, and public service delivery. This strategy enhances the capacity of city administrations through learned efficiencies and innovations (Government of the Lao PDR, 2021b).

The Second LNUF (2023) highlighted successful examples of city-to-city cooperation that have led to significant improvements in local governance and urban planning. The forum discussed how these collaborations have enabled cities in Lao PDR to develop tailored solutions for sustainable development, incorporating lessons learned from more experienced urban centres. This approach not only builds local capacity but also strengthens networks among cities, fostering a supportive environment for continuous improvement and innovation (UN-Habitat & MPWT, 2023).

Furthermore, the NSCS of Lao PDR (2024) integrates the concept of city-to-city cooperation into its framework by proposing the use of digital platforms to facilitate communication and knowledge sharing among cities. The strategy suggests that such platforms can support the dissemination of smart city solutions and encourage the replication of successful projects across different locales, thereby amplifying the benefits of mutual learning and cooperation (MPWT, 2024).

The ASUS project gives an opportunity for cities in Lao PDR to exchange knowledge on urban development within the country and within the ASEAN countries by facilitating multi-stakeholder consultations and organising the ASEAN Sustainable Urbanisation Forum (ASEAN, 2021).

These documents collectively highlight Lao PDR's commitment to enhancing urban development through strategic partnerships and knowledge exchanges between cities. This approach not only improves the collective capacity of urban centres to address their unique challenges but also promotes a culture of innovation and shared success in urban management.

#### *2.3.2.2 Implement capacity development as an effective, multifaceted approach to formulate, implement, manage, monitor, and evaluate urban development policies*

From the 2021 National Urban Agenda Report, it is evident that Lao PDR places a strong emphasis on capacity building within urban development frameworks. The report underscores initiatives aimed at training municipal employees in policy formulation, project implementation, and the ongoing management and monitoring of urban development initiatives. This holistic approach ensures that urban policies are not only well-crafted but also effectively implemented and adapted over time based on evaluative feedback and changing urban dynamics (Government of the Lao PDR, 2021b).

The Second LNUF (2023) further illustrates how Lao PDR has embraced a multifaceted approach to capacity development by integrating workshops, training seminars, and international exchange programs into their urban planning processes. These educational initiatives are designed to enhance the skills of urban planners and local government officials, enabling them to better manage complex urban issues, from infrastructure planning to environmental sustainability and social inclusivity (UN-Habitat & MPWT, 2023).

Additionally, the NSCS of Lao PDR (2024) advocates for the use of technology in capacity building, suggesting that digital tools and data analytics can significantly improve the ability of city administrations to monitor and evaluate urban development. By adopting advanced technologies, urban managers can gain real-time insights into the effectiveness of their policies and projects, facilitating more informed decision-making and efficient resource allocation (MPWT, 2024).

#### *2.3.2.3 Build capacity at all levels of government to use data for evidence-based policy formulation including collecting and using data for minority groups*

The 2021 National Urban Agenda Report highlights the initiatives undertaken to strengthen data collection systems within local government structures. The report discusses the training provided to government officials on the importance of data in policymaking and how to effectively gather, analyse, and utilize data. This training emphasizes the inclusion of data concerning minority groups, ensuring that policies are inclusive and reflect the needs of all community segments. Such practices are aimed at facilitating more precise and equitable urban development policies (Government of the Lao PDR, 2021b).

During the Second LNUF (2023), discussions revolved around the implementation of sophisticated data systems that allow for the detailed tracking and reporting of urban development progress. These systems are designed to support evidence-based decision-making, enabling cities to address specific local challenges effectively. The forum also highlighted successful case studies where data-driven strategies led to improved urban planning outcomes, particularly in ensuring that the needs of minority and marginalized groups are considered in urban development initiatives (UN-Habitat & MPWT, 2023).

Furthermore, the NSCS of Lao PDR (2024) proposes the integration of advanced digital tools to enhance the capacity for data usage in urban management. This strategy outlines plans to implement integrated data platforms that facilitate the comprehensive analysis of urban trends and needs, including those of minority populations. By leveraging these technological tools, government officials at all levels are expected to develop and execute more responsive and well-informed urban policies (MPWT, 2024).

Additionally, the VLR Sensitization Workshop Proceedings shed light on Lao PDR's efforts to integrate the VLR process as a tool for enhancing data utilization at local government levels. The workshop emphasized the role of VLRs in improving local data collection and analysis capabilities, which are crucial for monitoring progress towards SDGs and formulating evidence-based policies. By engaging local stakeholders in the VLR process, the workshop sought to build capacity among municipal authorities to better collect and utilize data, particularly concerning vulnerable and minority populations, ensuring that policies are both inclusive and effective (UN-Habitat, 2024)

#### *2.3.2.4 Implement capacity development programmes of subnational and local governments in financial planning and management*

The 2021 National Urban Agenda Report outlines efforts to implement comprehensive training programs designed to enhance the financial management skills of local government officials. These programs focus on improving budgeting, financial planning, and resource allocation to ensure efficient and transparent management of public funds. The report emphasizes the importance of these capabilities in enabling local governments to effectively implement and sustain urban development projects while maintaining financial integrity and accountability (Government of the Lao PDR, 2021b).

During the Second LNUF (2023), discussions highlighted the ongoing initiatives that facilitate knowledge sharing and best practices in financial management among cities. The forum promoted the idea that strengthening financial management at the local level is crucial for achieving sustainable urban development and financial independence. These discussions also touched on the development of specialized training modules tailored to the unique financial landscapes of subnational regions (UN-Habitat & MPWT, 2023).

Moreover, the NSCS of Lao PDR (2024) includes plans to integrate financial management tools that leverage digital technologies to enhance the capabilities of local governments. This strategy suggests that advanced software and digital platforms can streamline financial operations, enhance budget tracking, and improve the overall efficiency of financial administrations at the local level (MPWT, 2024).

Additionally, the VLR Sensitization Workshop Proceedings underscore the role of enhanced financial planning and management in supporting the VLR process. By building capacity in these areas, local governments can more effectively assess and report on their progress towards SDGs, leading to better resource allocation and project outcomes (UN-Habitat, 2024)

Together, these documents highlight Lao PDR's strategic focus on enhancing the financial management skills of its subnational and local governments. This approach aims to ensure that these entities are well-equipped to manage their budgets effectively, plan for long-term financial sustainability, and implement urban development projects that are economically viable and beneficial for their communities.

### **2.3.3 Information Technology and Innovation**

### *2.3.3.1 Develop User-Friendly, Participatory, and Digital Platforms Through E-Governance and Citizen-Centric Digital Governance Tools*

The 2021 National Urban Agenda Report discusses the implementation of digital platforms that aim to make government services more accessible to the public. The focus is on developing e-governance tools that are not only user-friendly but also facilitate greater participation from the citizenry. This includes online systems for submitting applications, making payments, and providing feedback on urban policies. By simplifying these processes, the government seeks to foster a more responsive, inclusive, transparent and efficient public administration system (Government of the Lao PDR, 2021b) (Lao PDR, 2024).

During the Second LNUF (2023), the emphasis was placed on the power of digital tools to transform urban management. Participants explored how leveraging technology could streamline city administration and enhance the quality-of-service delivery. The discussions highlighted successful case studies from within the region, demonstrating significant gains in efficiency and citizen satisfaction through the deployment of integrated digital governance solutions (UN-Habitat & MPWT, 2023).

Furthermore, the NSCS of Lao PDR (2024) outlines strategic plans for the development of smart cities utilizing digital platforms that support efficient urban management. This strategy includes the creation of digital services that are tailored to meet the needs of residents, thus supporting more effective communication between citizens and their government. The emphasis is on ensuring that these tools are accessible and provide tangible benefits to the urban populace (MPWT, 2024).

The VLR Sensitization Workshop Proceedings also touched on the role of digital tools in facilitating better governance. The workshops provided forums for local officials to learn about and discuss the integration of e-governance solutions that can help in managing urban development more effectively and transparently, particularly in the context of conducting VLRs (UN-Habitat, 2024).

Together, these documents illustrate a coherent strategy by Lao PDR to advance its digital governance capabilities. By developing and implementing user-friendly, participatory digital platforms, Lao PDR is setting the foundation for a more dynamic interaction between the government and its citizens, enhancing transparency, and improving the efficiency of public services. This holistic approach is designed to foster an environment where technological innovations support sustainable urban development and greater civic engagement.

### *2.3.3.2 Implement digital tools, including geospatial information systems to improve urban and territorial planning, land administration and access to urban services*

The 2021 National Urban Agenda Report specifically mentions the integration of geospatial information systems (GIS) and other digital tools to enhance the accuracy and efficiency of urban planning and land administration. These technologies provide crucial data that assists in making informed decisions regarding land use, infrastructure development, and environmental management. By leveraging these tools, Lao PDR aims to optimize urban development and ensure more equitable access to urban services (Government of the Lao PDR, 2021b).

During the First LNUF (2022), the potential of digital tools to transform urban management was a key discussion point. The forum showcased examples where GIS and related technologies had been successfully implemented to map and manage urban growth, which has proven

essential for strategic planning and responding to the needs of rapidly expanding urban areas. These tools also help in monitoring urban sprawl and integrating sustainable practices into city planning (UN-Habitat & MPWT, 2022).

The discussions at the Second LNUF (2023) further emphasized the importance of digital tools in urban governance. The forum highlighted successful initiatives where local governments used digital platforms to enhance public service delivery and improve the management of urban utilities, thus contributing to more sustainable and liveable cities (UN-Habitat & MPWT, 2023).

Furthermore, the NSCS of Lao PDR (2024) aligns with these initiatives by proposing the use of digital platforms for smart city development. This includes employing GIS and other digital tools to facilitate efficient urban planning, enhance the management of resources, and improve service delivery across urban territories. The strategy outlines plans for using these technologies to foster a data-driven approach to urban development, optimizing both land use and the distribution of urban services (MPWT, 2024).

The VLR Sensitization Workshop Proceedings also touch on the utility of digital tools in enhancing governance. The workshops discussed how local governments could employ digital and geospatial tools to better assess and report their progress towards SDGs. This capacity is crucial for planning and implementing development projects that accurately reflect the needs and dynamics of urban populations (UN-Habitat, 2024).

The LSB has been implementing new technologies and methodologies to improve the efficiency and accuracy of data collection, such as adopting electronic data collection tools and utilizing geospatial technology for better mapping and data visualization (Lao PDR, 2024).

#### *2.3.3.3 Build capacity at all levels of government to effectively monitor the implementation of urban development policies*

The 2021 National Urban Agenda Report stresses the importance of building robust monitoring frameworks at all levels of government. The report highlights initiatives aimed at training government officials in the use of monitoring tools and techniques that ensure the successful implementation and adjustment of urban development policies. This includes the adoption of performance indicators and the use of real-time data collection systems to track progress and identify areas needing attention (Government of the Lao PDR, 2021b).

During the First LNUF (2022), the focus was on sharing best practices and technologies that enhance the monitoring capabilities of urban administrations. The forum discussed how continuous capacity building through workshops, seminars, and cooperation with international cities could foster more effective policy monitoring and implementation strategies (UN-Habitat & MPWT, 2022).

The Second LNUF (2023) further explored how digital tools and software solutions could be leveraged to improve the monitoring and evaluation of urban policies. It underscored the significance of integrating these digital tools into the everyday management practices of city planners and government officials to enhance transparency and accountability in urban development (UN-Habitat & MPWT, 2023).

Additionally, the NSCS of Lao PDR (2024) outlines a strategic approach to implementing digital platforms that support the monitoring of urban policies. By utilizing advanced analytics and data visualization tools, this strategy aims to provide government officials with the insights needed to make informed decisions and adapt policies in response to urban dynamics (MPWT, 2024).

The VLR Sensitization Workshop Proceedings also highlight the role of capacity building in enabling effective monitoring of urban development policies. The workshops provided forums for discussing the integration of e-governance solutions that assist in the effective monitoring and reporting of development progress, particularly in the context of conducting VLRs (UN-Habitat, 2024).

Together, these documents illustrate a comprehensive strategy by Lao PDR to enhance the monitoring capabilities of its urban governance through continuous capacity development, the use of advanced digital tools, and the adoption of best practices from around the world. This approach ensures that urban development policies are not only implemented efficiently but are also adaptable to changing urban needs and conditions.

## Part 3: Follow-up and Reviews

### **Overview of Review Mechanisms**

The Government of the Lao People's Democratic Republic (Lao PDR) employs a robust, multi-tiered approach to assess and evaluate the progress of its socio-economic development initiatives, particularly in alignment with the New Urban Agenda (NUA) and other international frameworks. This evaluation mechanism is designed not only to monitor advancements but also to ensure transparency, accountability, and the effective utilization of national resources. It plays a pivotal role in aligning domestic development goals with international commitments, such as the 2030 Agenda for Sustainable Development, the Paris Agreement, and the Kyoto Protocol. Through regular and systematic reviews, the Government of Lao PDR can evaluate the efficacy of its development programs and adjust strategies to meet evolving national and global demands.

### **Annual and Mid-Term Review (MTR) of the National Socio-Economic Development Plan (NSED)**

The Government conducts regular Annual and Mid-Term Reviews of the NSED to assess the implementation of socio-economic initiatives at the national, provincial, and local levels. These reviews involve extensive participation from central government ministries, provincial authorities, civil society organizations, and other key stakeholders such as the Lao Women's Union and the Lao Front for National Reconstruction. These assessments are critical in identifying both progress and obstacles in achieving development targets. The Mid-Term Review (MTR) serves as a crucial checkpoint to realign strategies, ensuring that resources are optimally utilized and that development efforts remain in line with the national agenda. Furthermore, these reviews promote inclusivity, as they provide a platform for engaging with civil society and other stakeholders in shaping the country's development trajectory.

### **Voluntary National Review (VNR)**

In 2018, Lao PDR conducted its first Voluntary National Review (VNR) as part of its commitment to the 2030 Agenda for Sustainable Development. The VNR was presented at the United Nations High-Level Political Forum (HLPF), providing an international platform to showcase the country's progress towards achieving the Sustainable Development Goals (SDGs). The VNR facilitated the exchange of best practices and lessons learned with the global community, highlighting Lao PDR's successes while addressing the challenges encountered. This review also strengthened international cooperation, enhancing the country's capacity to integrate global development practices into its domestic policies.

In 2024, the Government has performed the second Voluntary National Review. The Review displays progress and key areas to focus on for the coming years to achieve the goals of the 2030 Agenda.

### **High-Level Round Table Meeting (HL-RTM)**

The High-Level Round Table Meeting (HL-RTM) is a significant component of the Lao PDR's review mechanisms, held every five years. It is organized by the Ministry of Planning and Investment (MPI) and brings together various Sector Working Groups (SWGs) that include representatives from central and local governments, development partners, and international organizations. This platform facilitates comprehensive reviews of socio-economic activities and



provides an opportunity to discuss the support mechanisms necessary for the next phases of the NSEDP. The HL-RTM is instrumental in ensuring that Lao PDR's development strategies are in alignment with internationally agreed principles on effective development cooperation, particularly regarding resource mobilization and capacity building.

### **National Urban Forum (NUF)**

Initiated in May 2020 by the Minister of Public Works and Transport, the National Urban Forum (NUF) has become an essential platform for reviewing and following up on the implementation of the New Urban Agenda (NUA) and the Sustainable Development Goals, particularly SDG 11, which focuses on making cities inclusive, safe, resilient, and sustainable. The NUF is designed to bring together government agencies, urban planners, civil society, and international development partners to collaboratively address urbanization challenges in Lao PDR. It facilitates knowledge sharing and ensures that urban development is aligned with the principles of sustainability, inclusiveness, and resilience. The LNUF again takes place in 2024 and is planned to be an annual event for sustainable and continuous capacity-building. The LNUF is also an important moment to reflect on the ongoing process to achieve the goals of the New Urban Agenda and the aspects that stakeholders need to focus on to achieve the goals.

### **Achievements and Strategic Insights**

Lao PDR has made significant strides in promoting sustainable urban and rural development, with notable achievements in poverty reduction, housing accessibility, and the implementation of pro-poor policies. The government has introduced innovative microcredit schemes aimed at empowering disadvantaged groups and reducing poverty levels. As a result, over 90% of households now have access to affordable housing, supported by a comprehensive system of housing loans and land titling certificates. These measures have contributed to improving the overall standard of living and strengthening the socio-economic fabric of the nation.

Additionally, Lao PDR has made substantial progress in enhancing urban planning and management. The introduction of digital technologies such as the Smart Urban Planning Information System (UPIS) exemplifies the government's forward-thinking approach to leveraging technology in urban governance. The UPIS has facilitated data-driven decision-making, helping to optimize land use, infrastructure development, and the efficient allocation of resources.

### **Challenges and Priorities**

Despite these significant achievements, Lao PDR continues to face a range of socio-economic and environmental challenges. One of the primary concerns is the growing disparity between urban and rural areas, with rapid urbanization contributing to increased inequality. While urban centres have experienced significant development, many rural areas remain underserved, exacerbating regional disparities and social inequities. Furthermore, environmental issues such as inadequate solid waste management, deforestation, and pollution remain pressing concerns, particularly in rapidly growing urban areas. These environmental challenges pose significant risks to public health and hinder efforts to promote sustainable development.

Next to these environmental challenges, the climate risks as floods, landslides and storms are a constant and critical risk to the Lao PDR and its citizens. These climate risks must be regarded



in urban planning to build sustainable and resilient human settlements where people can live safely.

### **Government Actions and Future Directions**

To address the challenges and ensure sustainable development, the government of Lao PDR has undertaken several strategic actions. These include the adoption of the National Strategies on Climate Change, which incorporate both adaptation and mitigation measures across key sectors such as agriculture, energy, transportation, and urban development. The government's approach to climate change is comprehensive, encompassing disaster risk reduction, climate-resilient infrastructure, and the promotion of renewable energy sources.

In terms of natural resource management, the government is actively working to improve solid waste management systems through a range of initiatives aimed at reducing waste, promoting recycling, and encouraging the reuse of materials. The government's efforts are guided by the principles of the circular economy, ensuring that waste is minimized, and resources are used more efficiently. The Smart Urban Planning Information System (UPIS) represents a critical tool in these efforts, enabling more precise and sustainable urban planning and resource management.

Looking ahead, the government has outlined several key priorities for the future. These include accelerating the transition to a green economy, promoting inclusive urbanization, and enhancing the resilience of cities to climate change. By focusing on these areas, the government aims to foster economic diversification, improve social equity, and ensure that Lao PDR is well-positioned to meet the challenges of the 21st century.

## Conclusion

The Government of Lao PDR remains steadfast in its commitment to fostering inclusive, sustainable, and resilient socio-economic development. Through its multi-tiered evaluation mechanisms, strategic policy interventions, and commitment to international cooperation, the country is well-equipped to address the complexities of modern development. However, success will depend on the continued strengthening of governance systems, particularly in the areas of accountability, transparency, and stakeholder participation. To achieve the vision of sustainable development, the government must remain adaptive, responsive, and forward-looking, ensuring that the benefits of development are shared by all, and that the country's natural and human resources are preserved for future generations.

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