Restructuring Domestic Institution: Democratization and Development in Laos

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Introduction (Research highlight)

Since the global development agendas had shifted from the Millennium Development Goals to the Sustainable Development Goals in post-2015 era, the economic development, environment sustainability and social inclusion have become development norms and normalized development standard in many countries, including socialist state like Lao People’s Democratic Republic or Laos. Laos is the landlocked, least developed, lack of human development and effective institutions, and highly aid dependent country. It seems rather difficult for the Lao government to achieve the development goals without the assistance from the development partners. Therefore, the Lao government acknowledges the development partners as the mechanism to mobilize and accelerate the development goals through Official Development Assistance (ODA) – this led to the focus of this research project. The research aims to 1) the role of the development partners in Lao development; 2) investigate how international development norms have shaped Lao domestic institutions and development policy and; 3) study the perspective of the development partners on Lao state capacity to achieve development goals and mitigate negative impact from development.

For investigation the research objectives above, the research employs a qualitative methodology by semi-structural interview with key informants as well as reviewing documentary and research. The representatives from the international organizations, Lao experts, financial institutions, and International non-governmental organizations were chosen as the key informants. In order to conduct research abroad, the SRA grant provided an opportunity and a financial support to conduct research in Thailand, Indonesia and Laos. According to the research ethic, however, the key informants such as name and organization has been covered in sensitive issues of the research.

The research findings show that the perspective of the development partners on Lao state capacity in order to achieve the development goals and mitigate negative impacts from development is insufficient because of the lack of human development (e.g. education, technical experts, and nutrition), infrastructure in remote areas, financial management, civil society, legal frameworks, effective institutions and most importantly, the corruption issue and the unexploded ordnances remain big challenges for the development partners. Viewing the development partners’ role in Lao development, they provide official development assistance to the Lao government based on their development norms which has led to the number of development assistance in human capital.
development, natural resource management, environment and climate change, economic development, strengthening institutions and good governance, infrastructure development. These are dubbed as the capacity buildings to mobilize the Lao development goals and facilitate trade and investment. Last but not least, the restructuring domestic institutions and formulating the development policies in Laos shows that the Lao government has improved legal framework (e.g. decree on non-profit association), good governance and rule of law (e.g. Governance and Public Administration Reform and 3 builds initiative), and public financial management, and mitigated environmental degradation and corruption issue.

1. The role of the development partners in Lao development (Research article)

Lao development relies on the official development assistance from the international organizations, financial institutions, regional and subregional integrations, and International Non-Governmental Organizations over the past decade. Despite the accomplishment in development with the influx of development assistance, Laos is still classified as the least development country and did not reach any of three graduation thresholds. In 2012, Laos was ranked 139 out of 187 countries in the Human Development Report. It’s nearly the bottom of the rank. There is no doubt that the Lao government is committed to achieve the development goals and bring country out of the least developed country.

As the aforementioned information, I pay particular attention in Lao state capacity to achieve the development goals and the feasibility to graduate from the least developed country status. Hence an examination of the development policies and domestic institutions as well as the role of the development partners in Laos could contribute to the theoretical debated on the Sustainable Development Goals in socialist state and interplay between the domestic and international political forces.

Because of the fact that the development partners play an important role in Lao development and are working with Lao government as the partnership, I started to review documentary and research about the development assistance in Laos at Chiang Mai University and Chulalongkorn University and conduct the interview with the development partners in Laos and Indonesia and shed light on the role of the development partners in Lao development, their perspective on Lao state capacity to achieve the 17 goals and 1 additional goal in the Sustainable Development Goals and the notably outcome in the national socio-economic development plan.

Currently, the development partners have been providing official development assistance to the Lao government based on the Sustainable Development Goals. Capacity buildings are prioritized which led to the increasing numbers of the development assistance, which could be categorized into
5 categories; 1) human capital development; 2) good governance and strengthening institutions; 3) natural management resource; 4) environment and climate change; 5) infrastructure development and reduce unexploded ordnance.

The development partners gave me an explanation why such assistances are crucial for Lao development. The key reason is Laos lacks of human capital development and technical expert. Therefore, the development partners focus on education, training and nutrition in order to build human capital and technical experts. Moreover, Laos is rich of natural resources and has a geographical potential to be a landlinked country for the subregional integration. The legal framework on trade and custom (e.g. laws on Special Economic Zone), infrastructure, and unexploded ordnance reduction has been improving in order to facilitate the flow of capital. Due to environment and climate change, the development partners have been providing knowledge on natural management in sustainable way. So as to good governance and effective institution, the development partners provide assistance on good governance and encouraging people participation such as they support the interaction between the National Assembly and Lao people as well as the Lao government and civil society.

2. Restructuring Domestic institutions and development policies

The outstanding outcome of the development assistance in Laos could be seen in the national socio-economic development plan. In the current development plans, the Lao government has enthusiastically adopted number of strategies to fight poverty, such as human development, rural development, and people participation. In 2015, the Lao development aspiration is to achieve unmet Millennium Development Goals and Sustainable Development Goals with the 8th National Socio-economic Development Plan (2016-2020), the 10 Years Socio-Economic Development Strategy (2016-2025) and the National Vision 2030. This information discerns the current international development norms that have influenced to the Lao government and normalized development normative standard in Laos.

To understand how the international development norms have shaped Lao domestic institution and development policy, the information from the development partners could fulfill this inquiry. I interviewed the development partners in Laos and Indonesia about the practical outcome in Lao development. The finding shows that the strengthening domestic institution has been improving gradually because of the number of capacity building assistance in Laos. In order to improve good governance and the rule of law in Laos, this effort could be seen from the legal sector master plan, which has modernized legal framework and public financial management. As the result of the plan, the Lao government has improved the legal framework such as decree on Non-profit
organization in 2009, Provincial People Assembly in 2016, 3 builds initiatives. In addition, the Lao government acknowledges the regional and subregional integrations in order to gain more revenue from trade and investment. The government has modernized the legal framework on custom and trade and improved infrastructure development. Regarding to fighting with the corruption issue, the State Audit Organization and the State Inspection Authority have been took place for transparency and good governance in public financial management.

3. Lao state capacity

The information above show how the international development norm promoted by the development partners has shaped development plan and domestic institution. I argue that the Lao state capacity is key factor to mobilize the development goals. This argument arises from the fact that even the development partners provide assistance in Laos, it seems rather difficult to achieve the development goals as long as the state capacity is insufficient. I also interviewed the development partners and Lao experts about Lao state capacity for achieving the development goals and mitigating negative impacts from development.

The finding shows that Lao state capacity is insufficient for achieving the development goals and mitigating the impacts. Many development partners and Lao experts have voiced a range of issues, these include the lacks of human capital development and technical experts, lack of infrastructure in remote areas, good governance, legal and financial capacities. Furthermore, the Lao domestic institutions itself lacks of effectiveness and corruption issue remains a drawback for the development partner. These become challenges for development partners to provide the development assistance and bring foreign technical experts for capacity building. One of Lao development partner shows their opinion about Lao institutions in local level, they lacks of knowledge about policy implementation and natural resource management in proper way. Similarly to the Lao expert argues that the land displacement and environmental degradation from Special Economic Zone and hydropower dam has affected to local people livelihood and environment. The government lack of capacity to mitigate those problems and heavily relies on the investors to provide compensation to local people instead. In order to bring country out of the least developed country by 2020, their perspectives show that the Lao government should postpone this goal due to the gap between rural and urban area and ineffective institutions.