



Focus on Business Climate and Private Investment Will Be Key to Creating More and Better-paid Jobs in Lao PDR, finds World Bank Group

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The growing Lao economy needs to diversify beyond its natural resource base to create more jobs and improve the business environment for foreign and domestic investors, according to two new World Bank Group reports released today. Greater private sector investment in businesses can increase opportunities in the agricultural, services and manufacturing sectors - where the most new jobs can be created - and opportunities for the countrys youth will increase if future workers can learn more and stay in school longer, according to the World Bank Group Lao Development Report and the Investment Climate Assessment. "Fueled by rapid growth in the hydro and mining sectors, the Lao economy is growing fast. However, it is not generating a lot of jobs," said Sally Burningham, World Bank Country Manager in Lao PDR. "To end poverty and boost shared prosperity, an improved business environment can help increase the number of jobs in agriculture, manufacturing and the service sectors. Improving education outcomes for all Lao children and young adults is also a key foundation for their future employment opportunities". As highlighted in the Lao Development Report, almost 100,000 more Lao youth will start looking for work each year in the coming decade. The top constraint to private sector expansion, as cited by Lao firms in the Investment Climate Assessment, is inadequate workforce skills. More potential workers presents an opportunity for growth but only if productive, income-generating jobs are created and workers have the skills needed to fill the positions. Improving education results through early education for children, more classroom time for reading and mathematics skills, and more time spent in school, will best help equip new and young entrants to the Lao workforce to take advantage of employment opportunities in the future, according to the Lao Development Report. "Given how important reading ability is for learning more advanced skills, improving basic literacy through greater investments in education are needed to lay the foundations to improve our countrys productivity, growth, and competitiveness," said H.E. Dr. Phankham Viphavanh, Deputy Prime Minister, Minister of Education and Sports for the Lao PDR. With more than 70 percent of the Laos workforce employed in agriculture, the Lao Development Report urges more efforts to raise farm productivity to improve farm livelihoods and to free up family members time to engage in higher paid work off the farm. Despite the highest growth rate in Southeast Asia, seven percent over the last two decades, investment is almost entirely resource-seeking rather than efficiency-seeking, according to the Investment Climate Assessment. "Lao PDR has made a number of reforms to improve the environment for business over recent years. However, much more needs to be done to promote economic diversification from non-resource sectors through attracting quality investment and creating more jobs" said H.E. Mme. Khemmani Pholsena, Minister of Industry and Commerce for the Lao PDR. Key to encouraging foreign and domestic private investors in non-resource sectors will be to create a more competitive business enabling environment through developing and implementing consistent, transparent, and predictable laws and regulations to reduce uncertainty and cost of doing business. Media Contacts
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