

INVESTMENT PROMOTION MODELS OF LUANG PRABANG PROVINCE LAO PEOPLE'S DEMOCRATIC REPUBLIC

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ABSTRACT

The Objectives of this research was study the models of investment Promotion of Luang Prabang Province, Lao PDR. with the qualitative research by in-depth interview and focus group discussion of the target group included chief Executive of local government, investors and labour. The result of the study obtained 3 requirements in 3 models of investment promotion (i) Public Investment model: knowledge enhancement and skill promotion activities on making investment plan; (ii) Private investment model (Foreign Direct Investment/FDI): to promote investment on industrial tourist. (iii) Investment by Utilizing foreign aid model (Official Development Assistance/ODA, Non Government Organization/NGOs): knowledge enhancement and technology instruction activities on agriculture and husbandry.

Keywords: Investment, Investment Promotion, Investment Model, FDI

I INTRODUCTION

Since the introduction of economic reform under the New Economic Mechanism (NEM) in 1986, to shift from a centralized economy to a market oriented economy; from a relatively closed economy to an open economy, the Foreign Direct Investment (FDI) and Official Development Assistance (ODA) inflow to Laos has increased continuously which to lighten budget load, saving government's expenditure. Moreover the employment has increased; people got more income; government got more revenue; and investor gain more profit from investment. In case of government's budget allocation system, in each year the National Assembly of the Lao PDR will

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approved Public Investment Project budget for central and local government by budget planning making and projects proposal of each sectors. The FDI and the utilization of ODA will be takes into consideration process case by case. According to the investment record of Lao PDR shows that the public investment covers only 10%, private investment covers 50%, international grant aid and loan is 20% and another 20% is banking credit loan.

Luang Prabang Province situated in the northern Laos, and the capital city of province is Luang Prabang city which officially described as the best-preserved city in Southeast Asia, it was listed a UNESCO World Heritage Site in 1995. So investors both local and foreign were interested to invest. And provide fund to help develop the social economic of Luang Prabang province, as Laos is undeveloped country. Therefore, the ability, knowledge and skills to attract foreign investment. Including the human resources are limited, that making the management of various forms of investment are not good enough such as public investment, private investment and foreign aid is still not good. Seen from the investment in the form of a fragmented and unable to linkage each other. So this case of budget to be used in the investment cannot respond or responds slowly to achieving socio-economic development plan. Especially Luang Prabang province. Was designated as cultural and natural tourism. To income generation and also government budget

From the above, the researchers realized the importance of the issue. To study forms the state's investment private investment and the using of foreign aid. The result of this study method and patterns of investment promotion in Luang Prabang. To make investment more coherent and results of such studies will be beneficial to the public, investors, foreign governments and an international organization that provides assistance. Including stakeholders can be use as reference further study on promoting investment in Luang Prabang.

II RESEARCH OBJECTIVES

to study the problems and needs in the development of investment promotion in Luang Prabang Province Lao's People Democratic Republic.

2.1 The benefits of research

Academic Benefits

Results from the study were aware of the problems and the need to develop a model for investment promotion in Luang Prabang. And can be used as background information for those interested in academic studies.

Benefits Practice

The results of this study could be used as a guide in the promotion of investment projects. The public sector, governments (ODA NGOs) and foreign direct investment (FDI).

2.2 Scope of Research

The scope of content

Study of the problems and needs in the development of investment promotion of Luang Prabang, Laos.

The scope of the sample

1) The target in depth interview about the problems and needs in the form of investment in Luang Prabang. The leader of the planning section (state investment) chief international cooperation. (Foreign aid) and Head of Investment section (private investment) in provincial and the district level. The number of sampling are total 39 people and including stakeholders such Investors in Luang Prabang, 12 districts. Each district 10 investors and 5 workers (total 219).

2) Target group in the brainstorming. To determine the form of investment in Luang Prabang. By select the director of department of planning and investment. Both the provincial and district level, 13 people from chamber and 30 people from association of a young Business.

III LITERATURE REVIEW

Strategic planning is an important first step in public investment, but in many New Member State (NMS) the process is heavily influenced by external requirements rather than the internal needs of the government for high-quality planning and management. (Thomas Laursen and Bernard Myers, 2009).

Corruption, particularly political or “grand” corruption, distorts the entire decision-making process connected with public investment projects. The degree of distortions is higher with weaker auditing institutions. The evidence presented shows that higher corruption is associated with (i) higher public investment; (ii) lower government revenues; (iii) lower expenditures. The evidence also shows that corruption increases public investment while reducing its productivity.

Foreign Direct Investment (FDI) has grown dramatically as a major form of international capital transfer over the past decade. Between 1980 and 1990, world flows of FDI—defined as cross-border expenditures to acquire or expand corporate control of productive assets. (Kenneth A.Froot, 1993).

Over the course of the past three decades, FDI became well established in China’s economy, and the activities of multinational enterprises came to assume increasing importance in capital formation, labour training, technology

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transfer, international trade, and in accelerating the transition of China from a planned economy to a market economy. FDI has increasingly integrated the Chinese economy into the world economy. (Chunlai Chen, 2011).

In 1945, we, the peoples of the United Nations established the UN system to maintain peace and improve the well-being of human kind. Since then, the UN system has developed further into a myriad of agencies, funding organization, programmes, committees, and councils. Together, these constitute a world-wide, multi-purpose, inter-governmental arrangement. In many parts of the world, UN activities and achievements have met with support as well as criticism. One of the most persistent forms of criticism has focused on the management and organization of the system. Numerous reforms and call for better coordination have not succeeded in removing the criticism. (Dennis Dijkzeul, 1997).

IV RESEARCH METHOD

This research is qualitative research. Target areas include interviewing chief planning section. (State investment) chief international cooperation section. (Foreign aid) and Head of Investment section. (Private investment) in both the provincial and district level 39 and includes stakeholders. Investors in Luang Prabang province and 12 districts, each districts 10 people and 5 workers (total 219 people). The conference brainstorming involved are the director of Department of Planning and Investment. Both the provincial and district level. And 13 people from chamber and 30 people from young business association.

V CONCLUSIONS

The results of this study shown that the problems and the need to develop a model for investment promotion in Luang Prabang province Laos. Have learned that cooperate with foreign countries. And from international organizations. Create more investments from foreign investment. And foreign countries provide more aid in the currently increasing day by day. Luang Prabang, province located north of the Lao PDR. The city is a UNESCO World Heritage Site has been invested by foreign investors. And receiving grants aid from foreign governments. And various international organizations, that fund support and help the state budget, but the problem is the knowledge and skills of public employees also have limits. Because of those reason make forms of investment management not good effective, such as the form of government investment budget. Type of investment on foreign aid. And investment from the private sector. All kind of investment show as not good model of investment and do not linkage and support each other's. This case the investment in the form of individual investment. Can not achieve the target of the, social economic development planned. The Luang Prabang, which well-known World Heritage town particularly important in the tourism development.

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The results of critical comments define investment into 3 Models below.

Model 1 state investment is used the state budget, natural resources, and property rights of state through the government budget system. The objective of construction infrastructure to serve the public utility, purchasing tools and promoted technical. To implemented the social economic development plan. Therefore, the investment promotion in the form of such activities include capacity building. And skills to public employees in writing of the plan. But for reasons the government budget each year is limited, so the writing the plan to the government had to write correctly. In the past several government agencies still lack knowledge. And writing skills investment plans of the state. In the past, some projects are needed and essential to the development. Because the content is not clearly for example a background of project, the objective some indicators efficiency and effectiveness of project, therefore to create the project or activities promoting skills in writing public investment plans to academic staff in the government agencies is needed.

Model 2 private investment. It's an investment that the property of private or individual. Such as company from local and oversea. The objective of investment is intended to create profits. And the support to development and economic growth also create jobs and create income and life to people's lives. Thus promoting investment in such schemes include the promotion of investment in the tourism industry, such as restaurant Hotel and souvenirs, tour guide, advertising and entertainments. These activity create and generate income for the local people.

Model 3 The investment funds use foreign aid. It is funded provide by aid from foreign government and an international organizations. The form of aid mainly tools, equipment, vehicles, machinery science technology experts and budget to help fund the state budget. Such funds are important some of these fund do not need to repay to donors thus the government should consider management system to use this fund as effectiveness. Therefore, the investment promotion of this form of such activities include knowledge in agriculture to enhance the learning traditional knowledge.

VI SUGGESTION

1. The result of study found that the state's investment in the past. The public employees lack the knowledge and skills writing plan. Therefore, the public employees should be improve the creation of knowledge and skills to plan.
2. in the form of private investment within the private sector.in the past the investment approval in Luang Prabang do not focus on target. Therefore should create (Investment calling list) specifically investing in the tourism industry as a key.
3. Use of foreign aid. In the past the community still lack of agricultural knowledge. Therefore apply these fund into knowledge and recommended the use of technology to farmers to include how to plant crops and animals

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