



A comprehensive lotus manufacturing project that will turn into an agro-tourism destination

Estimated revenues after 3 years of operation of approx. US\$70,000 – US\$80,000 per year.

**Lao PDR
Savannakhet Province
Champhone District**

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Executive Summary, Savannakhet Province

The name “Savannakhet” derives from “Savanh Nakhone”, which means city of paradise or land of fertility suitable for agriculture. Located in central Laos, covering an area of 21,774 km² (8,407 sq. mi.), it is the largest and most populated (nearly 1 million people) province in the country.

Savannakhet borders Khammouan Province to the north, Quang Tri and Thua Thien-Hue provinces of Vietnam to the east, Salavan Province to the south, and Nakhon Phanom and Mukdahan provinces of Thailand to the west. It is the junction between the East-West axis and the North-South axis. The East-West Corridor (Road No. 9) links Myanmar, Thailand, and Vietnam; while the North-South axis (Road No. 13) connects China to Cambodia. It is only a short distance from central Vietnam. In January, 2007, the Second Lao-Thai Friendship Bridge was officially opened, giving Savannakhet direct access to Thailand. Because of its strategic location, Savannakhet serves as a thriving hub of trade and services in the Greater Mekong Sub-region (GMS). It is home to Savan-Seno Special Economic Zone where several major international companies have relocated their production bases to, including Nikon and Toyota companies from Japan.

The province’s major exports are: gypsum, wooden products, naturally dyed textiles, re-export garments, forest products, gold and copper.

In regards to tourism, Savannakhet receives over one million visitors per year.

GDP per sector: Agriculture 60%, Service 22%, and Industry 18%.

Champhone District

For the majority of Champhone residents, their main source of income is derived from farming. In 2010, average annual per capita income in the district was more than 8 million kip. All 102 villages in Champhone have access to roads all year round.

Located 54 km southeast of Savannakhet City, it is an ideal day-trip destination. In recent years, Champhone District hosts approximately 10,000 domestic and foreign visitors annually. Most notable attractions are: Monkey Forest, Hotay Pidok Library, Turtle Lake, ancient temples, and ethnic villages.



Project Details

The site is located in Houi Bak Reservoir, adjacent to Nam Sui Reservoir. It is only 1.5 km from Champhone Municipality, 2 km from the district's bus terminal, and 55 km from Savannakhet Airport. A territory of 2,600 hectares is available for concession. So far, local villagers have been collecting naturally occurring lotus nuts. Only a handful of households cultivate lotus nuts for commercial purposes, and almost all of them sell their product unprocessed. On average, each of these households earns 3 million kip per crop season from lotus nuts.

The Department for Investment Promotion is delighted to invite an investor(s) to establish a comprehensive lotus nut manufacturing business for domestic consumption and for export. It should be conducted as an out-growing scheme. This means that the investor(s) should plant lotus and, at the same time, encourage surrounding villagers to supply their lotus nuts to the company. Seventy Six households in the area have shown their interest in participating in this business. Currently, there are no out-growing schemes for this crop anywhere in Laos.

The lotus farms can also be developed into an agro-tourism destination.

Local services: The site has access to electricity, well water, tap water, sewers, and garbage collection, as well as internet, and landline services. It also enjoys signals from every mobile phone company in Laos.

Local Produce: Beef, buffalo, goat, pork, chicken, duck, and fish as well as fresh fruits and vegetable are easily accessible.

Labor: Champhone District has a total population of approximately 112,000 people with the workforce accounting for 30% of the population.



Income/Incentives & Minimum Requirements

Income generating opportunities from:

- Entrance fees to the lotus farm;
- Canoe and other vehicle rentals for sightseeing;
- Food and beverages;
- Retail sales of lotus products;
- Whole sale sales of lotus products; and
- Location rentals for various events.

Incentives

- Export tax exemption;
- 4 years tax holidays; and
- Import Tax Exemption for equipment to operate the project.

Support from the Government

- Grant import tax exemption for equipment to operate the project;
- Provide consultation in every step of the project application process; and
- Facilitate access to other public services .

Minimum Requirements

- Memorandum of Understanding (MOU);
- Feasibility studies and business development plan;
- An Initial Environmental Examination (IEE) or an Environmental and Social Impact Assessment (ESIA). The IEE or ESIA will involve the public and seek to mitigate all negative impacts while maximizing benefits;
- State land concession agreement;
- State land lease agreement;
- Agreement to promote villagers' lotus growing business, in 2+3 or 1+4 form;
- Any business operation licenses and agreements required by concerned government authorities;
- Capital of 300,000 USD;
- Must have a 'buy local' policy;
- Must give priority to locals in the job recruitment process;
- Skill development training for workers;
- Must contribute to the community development fund.

Contact



For more information such as: investment policies, private domestic and foreign investment procedure on concession business and Investment application forms, Please contact: Department of Planning and Investment, Savannakhet province, Lao PDR.

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