



# **LAO PEOPLE'S DEMOCRATIC REPUBLIC**

Peace Independence Democracy Unity Prosperity

## **Report on High Level Round Table Meeting 2010**

**Vientiane, 20-21 October 2010**

**Ministry of Planning and Investment  
Department of International Cooperation**

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The Lao PDR Government's High Level Round Table Meeting (RTM) 2010, was held on 20 October 2010 at Don Chan Palace Hotel in Vientiane with the participation of approximately 320 participants, including Ministers, Vice-Ministers, Vice-Governors, high ranking officials from National and provincial levels, Ambassadors, Heads of Mission, high level representatives of Development Partner and INGOs.

The meeting was opened by H.E. Mr. Bouasone Bouphavanh, Prime Minister of the Lao PDR and H.E. Ms Helen Clark, Chair of the UNDG and UNDP Administrator. It was chaired by H.E. Dr. Thongloun Sisoulith, Deputy Prime Minister, Minister of Foreign Affairs of the Lao PDR, co-chaired by H.E. Dr. Ajay Chhibber, Chair of the UN Development Group Asia Pacific and UNDP Assistant Administrator. The RTM is supported by the United Nations and the Lao PDR Development Partner community.

The Government representatives have made several presentations and statements based on the agenda (provided in Annex 1) which were followed by intensive discussions.

In the aftermath of the RTM, the Heads of Delegation met with His Excellency Choummaly Sayasone, President of the Lao PDR on 21<sup>st</sup> October to report on the outcome summary of the Round Table Meeting 2010.

Summary of statements, discussions and proceedings is presented in the following sections and full statements and presentations are provided in the Annexes of the report.

## **I. Summary of key RTM's discussions**

### **1. Macroeconomics**

Continued high GDP growth, based on responsible fiscal and social policy, with equitable distribution of benefits and increased investment in the social sector, was considered essential to creating the stable macroeconomic climate necessary to achieve the 7<sup>th</sup> NSEDP, including the attainment of the MDGs and continued progress towards the achievement of the Government overarching goal of graduating the country from LDC status by 2020. Equitable and inclusive growth would create jobs, generate income and ensure sustainable development of the country's rich natural resource base.

There was a general recognition of the need for a greater focus on the quality of growth and development which must be coupled with: enhanced financial frameworks, including public finance, public sector and trade reform; higher quality foreign direct investment; and strengthened governance and institutions, with greater efforts needed in capacity and human resource development.

### **2. Public Finance Reform**

Development Partners acknowledged the Government of the Lao PDR's sound fiscal management during the global financial crisis, and highlighted that it was now time to rebuild economic safety nets, noting that it was these safety nets that helped the Lao PDR weather the global financial conditions. Participants noted key progress achieved in Public Financial Management reform, including sustained revenue growth and improved debt management.

Ongoing efforts should be focused on increasing government budget revenues, ensuring stable growth in credit, further development of policies for continued fiscal sustainability and in line with the national development agenda. This included balancing current and capital expenditures, ensuring sufficient budget for recurring costs. Budget priorities need to be

made clearer, together with the development of a stronger operational framework. The regulatory and supervisory capacity of the banking and finance sector should continue to be strengthened.

### **3. Effective Governance**

Development partners commended the Government of the Lao PDR for their significant achievements in enhancing the rule of law in the country and governance in general, highlighting the importance of this issue for effective implementation of development initiatives across all sectors. In particular, the increasing involvement of civil society, particularly in relation to achievement of the 7<sup>th</sup> NSEDP and the MDGs was appreciated by Development Partners.

It was noted that effective governance was grounded in strong human resource development, and Development Partners commended recent government efforts to further enhance the capacity and development of government institutions such as the National Assembly, local councils, the local media as well as civil society and emphasised that greater focus in this area was needed.

Access to timely quality information and data was raised by a number of Development Partners, and the recent approval of the Statistic Law was widely commended.

### **4. Private Sector Development and SMEs**

Efforts to promote domestic private investment and encourage small to medium enterprises (SMEs) should be encouraged as it creates skills and industry diversification and creates jobs across a number of sectors. An enabling business and investment environment should be enhanced and the need for the accelerated development of the one stop service centre for private investors was highlighted by a number of Development Partners. Greater focus was required on the effective implementation of laws and regulations within the business environment in order to facilitate lower business transactions and improved timeliness.

The Lao PDR's efforts to ensure regional and international economic integration through ASEAN as well as work towards WTO accession were strongly encouraged by Development Partners. In particular, ASEAN delegates strongly supported the role played by the Lao PDR in ASEAN and in the role of Lao PDR in the overall regional economic context.

### **5. Natural Resource and Land Management**

Development Partners commended that Government of the Lao PDR on their achievements in making natural resource and land management more open and transparent, highlighting in particular the intention to issue one million land titles as part of the 7<sup>th</sup> NSEDP targets and noting that this initiative would require sufficient resources to ensure its successful implementation.

There was overall consensus amongst both Government and Development on the importance of these issues, noting that benefits from development of natural resources needed to be translated into significant social outcomes for the people of the Lao PDR. Development Partners urged the Government of the Lao PDR to accelerate the land policy, planning, management and titling processes to protect citizens from the growing risk of land encroachment and to ensure protection of their livelihoods. Development Partners also urged the careful consideration of investment in the sector, particularly with regard to current capacity to responsibly and sustainably implement projects.

The value of natural resources in sustaining growth and generating revenue for the development of the Lao PDR was recognised by Government and Development Partners, as was the need for reinvestment of the profits to provide improved social benefit – particularly in the areas of health, education, vocational training and human resource development – as well as ensuring the preservation of the environment. Many Development Partners noted that greater transparency was required on management in this area.

#### **6. Environmental Management and Climate Change**

Development Partners noted opportunities provided by the 7<sup>th</sup> NSEDP to translate environmental initiatives into action. Green growth, environmental protection and the careful consideration and monitoring of projects in the natural resource sector, including the social and environmental impact assessments were considered important for development sustainability; and the need to monitor impact assessment, and participants pledged further support to policies relating to these issues, particularly in initiatives to address climate change.

The importance of water resources was raised by a number of partners, recognizing the need to balance community and investment requirements for water, as well as the need to ensure the sustainable development of hydropower in such a way to ensure maximum benefit for local communities and minimizing environment impacts, particularly on rural livelihoods.

#### **7. Agriculture and Rural Development**

There was a general consensus that continued focus was required on ensuring the nation's food security and creating resilience to natural disasters, which would require significant investment in the agricultural sector. Further focus was needed on connecting farmers to markets and providing them with the knowledge and tools to sell their products as well as better access to credit.

#### **8. Infrastructure Development**

Development Partners congratulated the Government of the Lao PDR in the development of infrastructure to turn Lao PDR from land-locked to land-linked, ensuring better access to markets, job opportunities, education and health care. The challenge remained to turn these linkages from transport corridors into economic corridors as well as ensure adequate budgetary allocation for appropriate and ongoing maintenance of the infrastructure network.

#### **9. Aid Effectiveness**

Development Partners appreciated the continuing efforts of the Government of the Lao PDR to improve aid effectiveness, including several steps undertaking to enhance openness, transparency and reporting of ODA. Participants noted the importance of project implementation, aid effectiveness, implementation of VDCAP and the need to streamline the MoU process, especially with the INGOs as these will help ensure wider access to international financing. The coordination mechanisms within the Round Table Process and the work of the Sector Working Group were strongly appreciated and supported.

## **II. Proceedings of the Round Table Meeting**

### **1. Opening Ceremony**

H.E. Mr Bouasone Bouphavanh, Prime Minister of the Lao PDR delivered the opening address for the High Level RTM 2010, welcoming all distinguished guests, in particular H.E. Ms. Helen Clark, Chair of the United Nations Development Group (UNDG) and UNDP Administrator.

H.E. the Prime Minister highlighted the changes in the external environment and internal development climate, which has provided both enabling conditions and challenges, including:

- the global financial and economic crises, with lessons learnt helping to create a more sustainable economic direction for the country;
- the achievements of the 6<sup>th</sup> NSEDP (2006-10) including an annual GDP growth rate above 7 percent in recent years, a stable macroeconomic climate, a reduction in the poverty ratio to 26% in 2010, as well as significant progress in other areas;
- the need for sustainable development of the natural resource-based sector and the development of sound national fiscal status;
- reaffirmation of shared commitment to achieving the MDGs and ensuring Lao PDR exits Least Developed Country status by 2020;
- the need to achieve some ambitious targets in the 7<sup>th</sup> NSEDP, including: growth rate of 8% while maintaining macroeconomic stability and ensure sustainable development; focusing on rural development, reducing poverty to 15% and attaining the MDGs by 2015; continuing governance and public administration reform and capacity enhancement; and enhancing sub-regional, regional (ASEAN) and international integration.

H.E. the Prime Minister noted that the four main objectives of the 7<sup>th</sup> NSEDP emphasised the most fundamental development needs of the country, including poverty eradication and graduation from LDC status by 2020. To achieve these targets would require a substantial amount of funding resources, including support and assistance from all friendly countries and international organizations. In addition, H.E. the Prime Minister noted that it was important to ensure that financial means were properly managed and utilized in the most effective manner.

He noted that in the coming years, in parallel with fostering economic growth, stronger emphasis will be given to the social sector including education system reform, improving quality and coverage of health care services, fighting illicit drug use, enhancing capacity for UXO clearance, disaster management and diseases prevention. H.E. the Prime Minister emphasized that the Lao PDR must play an active role together with the international community in protecting the environment and addressing global warming and climate change.

H.E. the Prime Minister welcomed the MDG compact, and in particular the new Lao PDR MDG 9 on UXOs. He thanked Development Partners for reaffirming their commitment to supporting the Lao PDR in the achievement of their development objectives, including the 7<sup>th</sup>

NSEDP and the attainment of the MDGs, and reiterated the firm commitment of the Government of the Lao PDR in extending full cooperation and enhancement in the effective implementation of Official Development Assistance (ODA).

H.E. Helen Clark, Chair of the UNDG and UNDP Administrator then gave the key note speech, thanking the Prime Minister H.E. Mr. Bouasone Bouphavanh, for the privilege of speaking to the meeting.

Referring to the MDG Summit that took place in New York in September 2010 and which was attended by the President of the Lao PDR H.E. Choummaly Sayasone, H.E. Ms Clark congratulated Lao PDR on becoming one of the first countries to integrate the MDGs fully into its new National Socio-Economic Development Plan, noting that it had also been a pioneer in applying the MDG Acceleration Framework to identify obstacles that prevent progress on the MDGs and the solutions which can overcome them. She highlighted that Lao PDR had been innovative in creating the National MDG Compact, including its own MDG 9 on UXOs.

H.E. Ms Clark noted the strong convergence of views of the development process between the Government of the Lao PDR and Development Partners which would spur action on the MDG Compact, the MDG Acceleration Framework, and the 7<sup>th</sup> five-year National Socio-Economic Development Plan to give Lao PDR good prospects for meeting the MDGs. She highlighted the importance of gender equality as a key driver of attaining the MDGs, social protection and social equity as key to sustaining the development process and that resilience was needed to protect against shocks.

H.E. Ms Clark commended the Government of the Lao PDR on their significant achievements in recent years, including GDP growth of more than 7 percent in 2006 and 2007 despite the global economic slowdown, noting that strong economic growth was an important pre-requisite in achieving the MDGs, as well as the significant results achieved in poverty reduction, where Lao PDR was well on the way to its target of halving those who live in extreme poverty by 2015.

H.E. Ms Clark congratulated the Government on the development of a robust 7<sup>th</sup> NSEDP, noting that the challenge would be to sustain high levels of economic growth while ensuring more inclusive and environmentally sustainable growth. The further development of a supportive policy and strengthened institutional environment would be required, with sufficient budgetary resources directed towards achieving those MDGs currently off-track.

In order to realize the MDGs greater focus was required on the human development, social and environment sectors as well as balanced investment across resource and non-resource sectors, in both urban and rural areas.

H.E. Ms Clark was pleased to learn that a recent meeting on land policy saw consensus among government and development partners that rapid and uncoordinated growth of land concessions for non-food plantations, hydro dams and mining concessions could threaten the livelihood of small farm holders as well as the nation's food security. On behalf of the United Nations H.E. Ms Clark congratulated the Lao PDR for including in the 7<sup>th</sup> Plan a commitment to issue one million new land titles over the next five years, especially to families in rural areas.

H.E. Ms Clark highlighted that a plan was only as good as its implementation, which included strong national ownership and leadership, capacity for implementation and funding.



The funding of the plan would come from three sources - domestic revenues, FDI and other private sector investment and ODA.

Ensuring that its domestic revenue targets met and that they covered an increasing proportion of budgetary expenditures would be vital goals. Reinvesting revenue into the social and agricultural sectors would ensure a return on those investments in human development and MDG terms, and FDI and private sector investment could be an engine for more inclusive growth if supported by the right policies. FDI must be high quality to help safeguard and enhance the country's valuable environmental assets and add meaningful net revenues to the Government budget so that it could fund higher levels of human development. Continued macroeconomic stability, despite the global financial crisis was important for future sustained growth and achievement of the MDGS.

H.E. Ms Clark stressed that support from donors would be critical, using ODA to fill the gap which exists between the impact of Government and private sector efforts and realizing the national development objectives of the Lao PDR. H.E. Ms Clark urged all Development Partners to stay the course in Lao PDR, and encouraged all Development Partners to put their full support behind the Government of the Lao PDR's development efforts.

## **2. Presentations and Discussions**

The Government of the Lao PDR made comprehensive statements and presentations on a wide range of key development issues both in terms of achievements, challenges and the way forward. Overall, Development Partners commended the Government of the Lao PDR for the significant achievements of the 6<sup>th</sup> NSEDP as well as the formulation of a sound and robust 7<sup>th</sup> NSEDP, which had included a significant consultation process and demonstrated the Government of the Lao PDR's commitment to national ownership, partnership and harmony in line with the spirit of the Vientiane Declaration. Development Partners also noted that they stood ready to support the Government of the Lao PDR achieve the 7<sup>th</sup> NSEDP, at the heart of which lay the achievement of the MDGs and progress towards graduation from LDC status by 2020.

Development Partners renewed their commitment to work in harmony for the benefit of the people of the Lao PDR, as demonstrated through the signing of the MDG Compact, including the new Lao MDG 9 on UXOs. The compact reaffirmed Government and Development Partners commitment to the attainment of the MDGs in the Lao, including those which must be urgently addressed to ensure their achievement by 2015.

The importance of attaining the MDGs to achieve growth with equity was highlighted strongly by both Government of Lao PDR and Development Partners. In particular, there was a focus on the role of gender and the importance of ensuring equity across all sectors of society, particularly in education and the workforce. The promotion of mother and child health was emphasized by several development partners, highlighting the multiplier effects that addressing this challenge can have on meeting the other MDGs.

The Development Partner community stood together to strongly support the Government of the Lao PDR in achieving the 7<sup>th</sup> NSEDP, the MDGs and the goal of exiting LDC status by 2020. To this end pledges at the 2010 RTM as well as estimates by the Ministry of Planning and Investment of ongoing Development Partner commitments total an annual average of 620 million USD. Broadly, key areas of support highlighted by development partners include economic development, including public financial management and a strengthened business

and investment environment, enhanced governance and capacity development, agriculture, rural development and natural resource management, infrastructure, health, education and UXOs.

Details of discussions under each session are presented in following sections.

## **2.1. Achieving Growth with Equity through the Seventh five-year National Socio-Economic Development Plan (NSEDP 2011-2015)**

### ***Presentation***

- **The Seventh five-year NSEDP 2011-2015**  
Presentation by H.E Dr. Sinlavong Khoutphaythoune, Minister of Planning and Investment

### **Discussions**

#### ***Japan***

The representative of Japan congratulated the Government of the Lao PDR, UNDP and other Development Partners for the successful organization of the Round Table Meeting.

The representative expressed their appreciation for the Lao Government's efforts to mitigate the negative impacts of the global financial and economic crisis on the socio-economic development of this country. The government of Japan considers that by 2020, if Lao PDR continues to grow steadily at the present rate of nearly 8%, it can achieve its target of leaving behind its current LDC status.

Japan expects that the 7<sup>th</sup> NSEDP will cover many priority areas, reflecting the reviews and outcomes of the 6<sup>th</sup> Socio-Economic Development Plan and considers that Development Partners including Japan should continue to encourage economic reform efforts made by the Lao Government and offer as much cooperation as possible.

With regards to Public Health, Japan believes that accelerating the collective efforts of the Development Partners is vital to achieving MDGs' target in the health sector. From this point of view, Japan has implemented, with the close cooperation of the Ministry of Health (MoH), two new technical cooperation projects in four southern provinces - "*The Project for Strengthening Integrated Maternal, Neonatal and Child Health Services*" from 2010 to 2015 whose target group would be women of reproductive age and also infants, respectively 160,000 and 250,000 in each.

The representative noted that on the occasion of MDGs Summit Meeting in New York last September, the Prime Minister of Japan H.E. Mr. Naoto Kan, announced the new development policies towards 2015 on health and education sectors respectively. The Government of Japan considered that contributing to help achieve the MDGs is one of the major pillars of its ODA policy. Under the new policies starting this year, the Government of Japan will step up its engagement in the partner countries' sector programs. This engagement will carry throughout the planning to implementation stages by participation in policy dialogues.

In case of Lao PDR, to support the sector programs the technical cooperation on "Capacity Development for Sector-wide Coordination in Health" has been conducted to strengthen the capacity of Ministry of Health in promotion of alignment and harmonization. The representative considered that cooperation between the GoL and Japan had contributed to MOH to enhance the utilization and functionalization of the sector-wide coordination mechanism in health sector.

The representative appreciated the MOH's initiative and leadership for the significant progress and further commitment.

With regards to education, the representative of Japan noted that education is one of the most effective means of promoting human security, and in this context we recognized that there are two main issues to be tackled within the next five years.

- 1) Improving the quality of education in the primary, secondary and higher education levels.
- 2) Improving the education environment in the primary and secondary education levels.

The representative noted that through *The Project for Improving In-Service Teacher Training for Science and Mathematics Education*, which has focused on about 900 teachers over the past four years, the Government of Japan will continue to support the education sector in achieving quality education for all children.

The representative recognised that while there is a steady rise in the net enrolment rate at the primary level, quality improvement remains a challenge as represented by the low completion rate. Improving the quality of teachers should be considered an indispensable and high priority goal for improving the quality of education.

In addition to ongoing assistance, the representative noted that the Government of Japan is now preparing to cooperate in providing school facilities, especially for the secondary level. As the lower-secondary education curriculum has been extended from three years to four years, the needs of educational facilities at the lower-secondary education level have been growing, coupled with an increase in the secondary level net enrolment rate.

The representative highlighted that the budget allocation for the education sector, which seems relatively low in the Lao PDR, should be increased for the implementation of the Education Sector Development Framework, and noted that Development Partners would continue to cooperate with the Lao Government to address such issues in the social sector development through our development assistance.

## ***EU***

The European development partners active in Lao PDR made a joint statement which was presented by the EU Presidency and the European Commission. Both representatives thanked the Deputy Prime Minister and Co chair of the RTM, as well as MoFA, MPI and UNDP for their successful organization of the RTM.

The joint statement noted that the EU is committed to building closer relations with the Lao PDR, not only bilaterally, but regionally through ASEAN; plurilaterally – noting that the EU was honoured to welcome PM Bouasone Bouphavanh to Brussels at the recent ASEM Summit; and multilaterally, with the EU looking forward to the eventual accession of Lao to the WTO and to deepening cooperation with Lao through the UN.

The European development partners active in Lao PRD – the European Commission and the Member States of the European Union together with Switzerland - which, while not a member, closely aligns itself with the EU – have formed an active partnership in support of the development agenda of Lao PDR. This was expressed in the volume of their ongoing cooperation with Lao PDR, which as of September 2010, amounted to €486 million. Globally, the EU Member States and the European Commission provide more than half of the ODA. With the overarching objective of reducing poverty, European ODA to Lao PDR

targets the sectors of agriculture, trade and economic development, education and health. Important crosscutting areas are also supported, such as sound public financial management, good governance and human rights, and now climate change. Their ongoing support to the reduction of UXO impacts and their joint commitment for continued assistance in the future should also be mentioned in light of the fact that Lao will host the first meeting of state parties to the Convention on Cluster Munitions next month.

The statement pointed out that the EU continually works to better coordinate support to the Lao development targets, and highlighted that human resources were important to allocate across cross cutting areas, including governance, human rights and climate change. In this endeavor, the EU Delegation and the Member States representations in Lao PDR adopted earlier this year a local "EU Road Map for Increased Aid Effectiveness" with a concrete action plan that is monitored regularly. The EU understands this as a contribution towards the wider effort of all development partners active in Lao PDR under the Vientiane Declaration and its Country Action Plan.

The statement noted that the Lao PDR has set itself ambitious targets in the seventh National Social and Economic Development Plan 2011/2015, including real GDP growth rates at close to 8% on annual average; an investment share in GDP of over 30% - a high figure by international standards; and nearly doubling income per head; achievement of the 2015 MDG targets. Policies to support growth would therefore need to be balanced with policies to safeguard macro-economic stability.

The European development partners recognized the 7<sup>th</sup> NSEDP as an important milestone for the social and economic development of the country and its significance for the achievement of the MDGs, and committed themselves to aligning support to this plan. However, along with this general commitment the EU sees a need to continue dialogue on how economic growth can benefit national welfare in an inclusive way and how ODA can be used in the best way in this endeavour.

For the RTM, the EU highlighted the following six topics, in reflection of the implementation of the 6th Plan and in looking forward to the 7th Plan, highlighting that they were guidelines for EU action in the Lao PDR.

### **1. Emphasis on pro-poor development and sustainable growth will pay high social dividends**

The statement noted that in recent years Lao had demonstrated outstanding economic growth, achieving a per capita income of above 900 USD. However, despite overall economic growth, inequality between rich and poor in Lao society was increasing and the achievement of the MDGs, particularly goals 1, 3, 4 and 5, was not yet secured.

The EU noted that in implementing the 7th NSEDP, the GoL had an opportunity to spread the benefits of growth more widely. One important way to do this was to pay adequate attention to the quality of future incoming FDI. ODA-supported public investments can enhance the potential benefits of private investments in the Lao economy, if both are brought together in a coordinated way and on the basis of clear policy orientations. The EU saw a need for an enhanced coordination mechanism for the implementation of both ODA and FDI-financed investments and noted that a strong, regular, and mutually trusting and open dialogue mechanism was necessary to avoid potential negative effects of large private investments.

### **2. Balanced development should build on the sustainable use of natural resources, including sound land management**

The EU representatives considered that rapid economic growth bears the risk of irreversible damage to the environment and unsustainable depletion of natural resources. In this light the EU welcomed the recent steps taken by the Lao Government in order to promote investment with a view to sustaining natural resources and environmental protection, and noted that harmful impacts of FDI-funded projects particularly on rural livelihoods needed to be avoided. This is particularly important as the availability of arable land was quite limited in many parts of the country. The statement emphasized that land management policy needed to be transparent and protective of rural livelihoods.

### **3. Environment protection and climate change pose global as well as local challenges**

The EU statement highlighted that Lao PDR was in possession of a remarkable level of biological diversity, and that extensive tracts of natural forest played a key role in ecosystem services such as provision of drinking water, wild foods and other non-timber forest products. These ecosystems had an important regulating role in carbon sequestration, pest and disease control, and provided important cultural inspiration, scientific discovery and promotion of tourism.

The statement highlighted that the Government of Lao PDR had recently taken important steps forward for example in the revision of environmental laws and had become an active player in international climate negotiations, and suggested that at the country level more enhanced policy coherence was needed to ensure environmental and social sustainability of the economic growth in the long run, and this should also be adequately reflected in the 7th NSEDP.

### **4. Sustainable growth from balanced foreign and domestic resource mobilization**

The EU statement welcomed the strong commitment and progress the GoL had made towards reaching the Millennium Goals by 2015 and graduating from the status of a Least Developed Country by 2020. The statement noted that while the EU stands ready to extend their support in this endeavour, they saw significant economic risks stemming from an increased dependency on foreign financing. The representative encouraged the GoL to develop a longer term financial perspective which emphasized domestic resource mobilization from tax and non-tax revenues, in order to maintain and sustain the large investments which are ongoing and will be made over the next years.

### **5. Good governance and an active civil society are vital for development**

The EU believed that good governance should be set at the top of the reform agenda for the next five years, along with economic growth and poverty reduction, and noted that the translation of economic development into social development and the achievement of the MDGs would depend on national capacities to manage diligently growing resources and to carry out public reforms. In particular, the EU believed concrete measures were needed to strengthen local awareness and capacities at district and provincial levels and encourage a broader participation of citizens in public debate. As development partners, the EU strongly believed that local communities and civil society were important driving forces for sustained social and economic development and that the 7<sup>th</sup> NSEDP needed to fully address and utilize this potential. In view of their critical importance, Governance dimensions such as people's participation, transparency and equity need to be systematically mainstreamed throughout the implementation of the 7th NSEDP.

### **6. Human development is grounded in human rights**

The European development partners strongly believed that respect of human rights was vital for sustainable and harmonious development in all countries, noting the conclusion of a successful Universal Periodic Review and welcoming the progress Lao PDR had made in

adaptation of national legislation to reflect international human rights conventions and to ensure the rule of law and access to justice for its citizens. The statement emphasized the importance of human development and encouraged the GoL to continue promoting the Rule of Law and Good Governance and noted that the EU was ready to support the GoL in these efforts.

The EU noted that generally relations were strong and vibrant, with the EU working together bilaterally, regionally through ASEAN and multilaterally through agencies such as the UN.

### *Australia*

The representative of Australia congratulated the GoL on its achievements during the period of the 6<sup>th</sup> NSEDP, both in terms of economic growth and in making progress towards the MDG targets for Lao PDR.

As co-chair of the Education Sector Working Group (SWG) the representative of Australia made some comments about the significant progress in education - both in terms of sector planning and in results on the ground.

The sector had a meaningful plan in the Education Sector Development Framework, which was developed collaboratively by the Government and development partners and was being rolled out to sub-national levels, noting that the net primary enrolment rate continued to climb, and the ratio of girls to boys enrolled was improving.

The representative noted that considerable challenges remain, particularly in reaching children in remote areas and ethnic communities, ensuring improved quality of education, providing sufficient and well-trained teachers and extending access to education beyond primary.

The representative commended the GoL for its commitment to increase expenditure on education to 18% of total expenditure, and encouraged the Government to maintain this commitment and continue to increase Government resources to the sector.

The representative noted the need to be vigilant in ensuring that government capacity is increased to absorb the additional resources and considered that development partners would need to continue to align their programs with the ESDF and work in new, collaborative ways, including financing and other arrangements.

The representative highlighted that the strong leadership and commitment from the Ministry of Education and the achievements of the last five years were something to be proud of, and noted that as work continued towards achieving the Millennium Development Goals, the challenges of the next five years would be even greater than those of the last five.

She noted that overall, the early impressions of the 7<sup>th</sup> NSEDP were that this was now a much more balanced plan, which aimed to ensure that the benefits of Laos' high economic growth were long-term, sustainable and would reach those who most need it. She noted that the 7<sup>th</sup> NSEDP goals were admirable, but very ambitious and would be tough to implement.

The representative considered that it would be necessary to draw explicit links between the 7<sup>th</sup> Plan, sector strategies and costed sector plans in order to provide the substance upon which the plan can be implemented, and strongly encouraged the Government to set clear

priorities across sectors and to clarify for development partners where Government budget would be applied and where they were seeking ODA to fill financing gaps.

The representative noted that Australia's development cooperation strategy with Lao PDR focused specifically on education, trade and investment and rural livelihoods. Water resources management was also a focus under the Mekong sub-regional program.

She noted that Australia had scheduled a strategy review in 2011 to ensure that it fully aligned with the 7<sup>th</sup> NSEDP, and that total Australian ODA to Lao in 2010-11 was expected to come to \$41 million, with continued modest increases for Lao PDR anticipated as Australia increased global ODA to 0.5 percent of GNI by 2015.

#### **UN**

The UN representative extended the UN's full support the government's aim to graduate from the ranks of the least developed countries by 2020 through a strategy that focuses on "Growth with Equity".

The representative noted that Lao PDR was as a moment of great opportunity, but progress would depend on sustained economic growth while ensuring more equitable distribution of wealth across provinces and in rural areas, as well as equitable access to services, resources, and development opportunities.

He noted that promoting equitable growth required developing and implementing equity-focused public policies in areas such as youth, health, education, vocational training and human resource development, including child protection, employment promotion, free maternal health care and other areas. To achieve equity strategic plans would need to address multiple vulnerabilities in communities caused by such factors as UXOs, poverty, geography, gender, levels of education, distance from a road, and age. Addressing gender equality would be one of the most crucial key steps in eradicating poverty and the representative stated that the UN believed this should be further emphasized in the 7<sup>th</sup> NSEDP.

The representative congratulated the GoL on the formulation of the 7<sup>th</sup> NSEDP, highlighting that it was MDG-based. The UN would like to encourage the Government to focus on three particular off-track MDGs that required increased funding and budget allocations. These were maternal mortality, child nutrition and environmental sustainability, with these three MDGs also underpinning efforts to achieve the eradication poverty as outlined in MDG1.

He noted that the presence of UXOs and poverty go hand in hand, with an estimated 78 million anti-personnel sub-munitions still contaminating rural areas and highlighted that with the new Lao MDG9, there was clear acknowledgement of this being key issue and vital to equitable human development.

To ensure that 'Growth with Equity' was on track, the UN encouraged the GoL to make use of disaggregated data to ensure that all segments of the population are benefiting equally from the development process.

#### **ADB**

The Asian Development Bank (ADB) representative expressed his deep appreciation to the Government of Lao PDR for its commitment to making the preparation of the 7<sup>th</sup> NSEDP an open and inclusive process, as well as the substantial progress made with the implementation of the 6<sup>th</sup> NSEDP.



The representative focused on a number of points:

1. The aspirations of the Government of Lao PDR to achieve growth of 8% annually over the next 5 years were highly laudable and ADB stood ready to provide the necessary support to achieving that goal. Such growth levels needed to be achieved in a sustainable manner while ensuring that all Lao people have the opportunity to contribute to and benefit from the nation's economic achievements. Existing transport and social infrastructure and services such as water supply must be adequately maintained in order to achieve higher growth levels.
2. An important aspect of sustainable growth in Lao PDR was the future of its water resources. While currently abundant, the competing needs for water resources must be balanced. Ground water pollution is on the rise and the current moratorium on new mining concessions, which allows the Government to review its policies, is a first step in the right direction.
3. A key positive aspect of the 7<sup>th</sup> NSEDP was the recognition that the private sector was recognized to be the most important driver of growth. The central challenges are (i) to attract high quality FDI; (ii) ensuring that these investments create jobs and result in positive local effects such as technology and skills transfer; and (iii) providing the economic incentives and regulatory structure to ensure that these investments are sustainable, so that their benefits carry well into the future. Ensuring a strong business environment with a clear regulatory framework will encourage the private sector.

Financing the NSEDP was a huge challenge. The 7<sup>th</sup> Plan is ambitious in its targets, and ambitious in its financing plan. ADB would continue to support the Government's targets and objectives in full alignment with the 7<sup>th</sup> Plan and its sectoral strategies. ADB financing will come from seven distinct sources.

The net amount of already approved loans and grants, but not yet disbursed was over 2,400 million USD as of 1 October 2010. These are funds that are available to the Government for implementation of the Plan. The representative noted that ADB would like to see project implementation performance further improve so that the development impact of these financial resources increases. Further, ADB would continue to work closely with the other development partners who have generously provided co financing in the past, and this would hopefully carry forward over the 7<sup>th</sup> Plan period.

### ***IMF***

The IMF welcomes the opportunity to participate in this Round Table Meeting and noted that against the backdrop of the ongoing recovery of the world economy from the 2008/09 recession, the meeting provided a timely opportunity to discuss the outlook for the Lao PDR economy. The IMF congratulated the GoL on weathering the financial crisis, which was due in no small part to the fact that Lao PDR had entered the crisis in good financial condition. In prior years reserves had been built up, public finances strengthened and progress made in reforming the banking system. The representative noted that IMF support during global crisis including an SDI allocation of 65 million USD. He noted that despite uncertain global outlook, prospects for the Lao PDR looked promising. Mining and hydropower continued to achieve growth, but reforms needed to be implemented to bolster competitiveness in the global economy, particularly WTO accession efforts.

The representative noted that it would be important to rebuild the macro safety net that served Lao PDR during the last crisis. With regards to monetary policy, there would be a need for policy to be geared towards rebuilding reserves. Continued focus was needed on building up the government revenue base to support fiscal consolidation, which would be important given country's high debt. Efforts were needed to address emerging vulnerabilities in the banking system. Increased supervisory capacity of the Bank of Lao was needed.

The representative noted that the Lao PDR would continue to address these challenges, and wished the GoL every success.

### ***Republic of Korea***

The representative of the Republic of Korea congratulated the GoL, commended them for the formulation of a comprehensive 7<sup>th</sup> NSEDP and recognised the importance of strong Government leadership.

The representative highlighted that the Republic of Korea was eager to share its own experience with the Lao PDR from only a few decades ago and noted that the Republic of Korea was working in close collaboration with the GoL to provide recommendations to improve capacity in the knowledge sharing program.

The representative noted that Lao PDR had been considered a priority country by the Republic of Korea since 2005, focusing in particular on the areas of rural development, health and education.

He noted that the Republic of Korea will increase overall ODA three-fold over the next five years to 400 million USD by 2015, with ODA to be tailored for each recipient country. The Government had been continuously improving its ODA policy since November 2009, and would develop a programme-based strategy by 2012. With regards to the Lao PDR, the Republic of Korea country assistance strategy was in line with goals of the 7<sup>th</sup> NSEDP.

Maintaining momentum on economic growth, ensuring sustainable progress and focus on capacity development must continue in order to ensure continued progression and achievement of the MDGs. There is a need for further coordination at national level and between national and local level to be more effective, as well as greater attention on management individual development projects.

The representative commended the efforts of the Lao PDR in their preparations for WTO accession and noted that the changes would be conducive to achieving the goals of the 7<sup>th</sup> NSEDP.

### ***United States of America (USA)***

The representative of the United States of America (USA) congratulated the GoL on their accomplishments under the 6<sup>th</sup> NSEDP and their work to prepare the 7<sup>th</sup> NSEDP, which contains a strong focus on the MDGs. The representative commented on the two sectors where the USA has the closest involvement.

He commended the Government of Lao PDR's National Regulatory Authority (NRA) for their progress in the development of the national strategic plan and hard work in coordinating clearance activities. He recognised that UXO clearance was important in economic development and eradicating poverty, as such it is was one of the top priorities for the US,

which remains the largest donor in the sector and the US was committed to achieving the shared UXO goals.

He noted that the Government could maximise the efficiency of contributions to the sector by giving great importance to undertaking the national UXO Survey to determine which land had highest priority for clearance. He supported the new Lao MDG9, which notes a key target of clearing UXOs from high priority land.

The representative encouraged the GoL to consider streamlining process for agreeing on Memorandum of Understandings (MoU) for INGOs as through the current process it could take up to a year to reach an agreement. He recognised the need to keep track of INGO activity in the country, but considered that this should not be at the expense of the implementation of programs. He noted that a more streamlined process could be developed, perhaps modelled on the One Stop Shop approach and noted that this issue is broader than the UXO sector. He highlighted that the GoL runs the risk of funding being diverted to other countries if procedures are not streamlined.

The US representative congratulated the GoL on a successful start in developing an ambitious plan to strengthen the health sector, and noted that in the past year, Lao PDR had achieved great strides in public health, with systems proving to be robust and capable when the H1N1 pandemic occurred, and highly effective rapid immunization efforts.

He noted that the US would continue to provide support to the GoL in prevention and control of infectious diseases, within the framework of the 7<sup>th</sup> NSEDP, and that it was a US priority to strengthen the capacity of Lao PDR health systems at both national and provincial levels.

He especially commended the GOL on their collaboration with the other Mekong countries, particularly in their engagement at the Infectious Disease Conference of the Lower Mekong Initiative, recently held in Hanoi in June 2010.

He noted through USAID's regional program, the US would engage at the provincial level to build capability for planning, budgeting and program management, and urged the GoL to ensure adequate resources, both financial and human, for effective reach and quality of health services to the rural poor.

The US Center for Disease Control would continue its cooperation with the GoL in partnership with WHO on influenza pandemic preparedness, infectious disease detection capabilities, immunization, and other Lao medical capacity-building activities. Their annual assistance would total around \$3 million.

The US Pacific Command would continue its work with military and civilian health providers in the important areas of blood safety, HIV/AIDs, emerging infectious diseases, and emergency medical response. In addition, US Pacific Command would continue to provide construction and renovation of provincial and district medical facilities as part of its Humanitarian Assistance Program.

The representative noted that the US expected to commit in excess of 5 million USD annually as part of what they considered to be a fruitful partnership with central and provincial Lao public health authorities.

### ***India***

The representative of India congratulated the GoL on the efforts and noted that he was confident the GoL would achieve its goals and priorities, particularly after managing the financial crisis so well. He congratulated MPI, MOFA and the UNDP on the successful organisation of the tenth Round Table Meeting and noted that India would provide its full support to the NSEDP.

The representative noted that India had a strong development partnership with the Lao PDR over the 6-7 years, mostly through a bilateral framework and particularly in the areas of irrigation, hydropower, mining, infrastructure (transmission power lines) and human resources, with 25 million USD disbursed to date.

Through a multilateral framework India has also supported tourism, culture and human resource development. In terms of the conservation of Wat Phou, India was the main donor, providing assistance of 3 million USD. India also provided a number of scholarships, with 150 provided each year (750 provided to date) and had set up a number of training centers including the Lao-India Language center (established in 2007), National data Center and the IT center.

The representative quoted the President of India on their recent visit to the Lao PDR, stating that India would be happy to participate in projects under the ASEAN work plan, education, industry, agriculture and forestry, and was ready to form partnerships in these areas.

### ***Philippines***

The representative of the Philippines congratulated the GoL for achieving high economic growth and for their success towards achieving a number of the MDG targets. They noted that in spite of such praiseworthy achievements much more remains to be done, particularly to assist in the achievement of the MDGS and exiting Least Developed Country status. With regards to the 7<sup>th</sup> NSEDP, the representative noted that FDI accounts for 54% of funding compared to ODA of 26% and considered that more substantive support was needed.

To support investment, the Government of the Philippines had organised a number of missions for private investors to consider opportunities in Lao PDR. For most investors it has been the first time they have come to the Lao PDR, and the missions had encouraged them to invest in the country.

The representative noted that in 2008-10, the Philippines Department of Foreign Affairs had been involved in project formulation and management within the ASEAN framework, focusing on ASEAN integration. Support had also been provided through Philippines Universities and NGOs. The representative thanked the GoL for their open, friendly and helpful attitude and wished every success and support for collaboration across all areas.

## 2.2. Enabling Environment: Financing, Accountability and Jobs

### *Presentations*

- **Public Financial Management Reforms and Fiscal Measures within the Seventh NSEDP**  
Presentation by H.E. Mr. Somdy Douangdy, Minister of Finance
- **Governance Strategy to support the Seventh NSEDP**  
Presentation by H.E. Mme Bounpheng Mounphoxay, Minister to the Prime Minister's Office, Chairperson of Public Administration and Civil Service Authority (PACSA)
- **Mainstreaming Trade into the National Economic Development Agenda**  
Presentation by H.E. Mr. Siasavat Savengsuksa, Vice-Minister of Industry and Commerce

### **Discussions**

#### *Malaysia*

The representative of Malaysia thanked the GoL and expressed their appreciation and congratulations to the Government and the UNDP for organizing the Round Table Meeting.

The representative highlighted that the Lao PDR economy had seen steady and high growth over the last few years and noted that the coming years would help the Lao PDR achieve its goals. As a member of ASEAN, Malaysia supported the efforts of the GoL, with the representative noting that 960 students have participated in Malaysian scholarships. The representative noted that Malaysia would continue to work in cooperation with the Government of the Lao PDR in the coming years.

#### *Singapore*

The representative of Singapore congratulated the Government of the Lao PDR for the achievements of the 6<sup>th</sup> NSEDP and the good work that has gone into putting together a very comprehensive 7<sup>th</sup> NSEDP. He had no doubt that the Plan would provide a sound framework for progress towards achieving the MDGs by 2015 and provide a strong foundation for the graduation of Laos from LDC status by 2020. The 7<sup>th</sup> NSEDP would provide development partners an important and useful framework to guide us in our support of the Lao PDR's development priorities in the next five years.

The representative noted that Singapore was committed to continue to provide technical assistance to Laos to complement the Lao government's development efforts. In this regard, Singapore recognised the challenge posed by the widespread presence of UXOs and its cross cutting impact on the achievement of these goals, and therefore supported the principle of the new MDG Compact.

He highlighted that Singapore's technical assistance programme was based on the philosophy that human resources development was the key towards sustainable economic development, and hoped to share Singapore's development experiences with others. He noted that Singapore places great emphasis on maximising the potential of its young people and was providing support in this area, including capacity building for the mother and child hospital and several programmes for teacher training. Soon Singapore would embark on a comprehensive English Language teacher training programme with the Ministry of Education.

The representative noted that Singapore's technical assistance was delivered under the broad framework of the Singapore Cooperation Programme (SCP) as well as the Initiative for ASEAN Integration (IAI) programme. Under these two programmes, about 7500 Lao officials from various ministries had been trained in fields such as English language, IT, economic development and trade facilitation, WTO Accession, tourism and civil aviation. To facilitate a more efficient delivery of technical assistance to Lao PDR, Singapore would continue to operate the Lao-Singapore Training Centre (LSTC) in Vientiane where to date more than 4200 officials have been trained.

The representative congratulated the Lao Government on reforms that have been undertaken to improve the investment climate in the Lao PDR, especially with regards the rule of law and governance, and noted there had already been positive responses from potential investors from Singapore.

The representative encouraged the Lao Government to continue the trend towards strengthening the rule of law, governance and transparency and urged the GoL to move quickly towards fully implementing an effective One-Stop Centre for foreign investors to simplify and speed up the processing of new investment applications.

He noted that the Lao PDR was in competition with many other countries, and that factors like a strong rule of law regime, transparency and effective and efficient one-stop centre could be crucial elements to strengthen the comparative advantage of the country in the medium and long term, as well as being important elements in attracting FDI to the special economic zones and industrial parks planned under the 7<sup>th</sup> NSEDP.

The representative reaffirmed Singapore's commitment to the ongoing cooperation program and noted that Singapore would remain responsive to key priorities raised by the GoL in response to the 7<sup>th</sup> NSEDP.

### ***Brunei***

The representative of Brunei congratulated the GoL on the achievements of the 6<sup>th</sup> NSEDP and expressed full support to Lao PDR in the implementation of the 7<sup>th</sup> NSEDP. He noted that since the establishment of relations between the two countries in 1993, Brunei had provides support bilaterally and through ASEAN. This included assistance provided for the Sea Games, school building and a scholarship program. In the future, Brunei would continue to provide support on a case-by-case basis, based on demand.

### ***Indonesia***

The representative of Indonesia extended their thanks to the GoL for a successful meeting. The representative congratulated the Government on their efforts towards achieving the MDGs and noted that more support and effort was needed in order to ensure their full achievement, particularly with regards to issues that are more challenging or multi-dimensional. Indonesia provided support through technical cooperation and training, and fully supports efforts to address the UXO, including the First meeting of State Parties in November.

### ***Thailand***

On behalf of the Royal Thai Government, the representative of Thailand joined their ASEAN colleagues in congratulating the Lao Government on the achievement of the overall targets outlined in the 6<sup>th</sup> NSEDP. The representative noted that during the 6<sup>th</sup> NSEDP Thailand

provided ODA to Lao PDR in the form of Technical and Financial cooperation, totaling approximately 146 million USD.

The focus of Thai technical cooperation programmes were human resource development and capacity building in the area of agriculture, public health, education and others. Training and scholarship programmes for Lao officials are aimed to upgrade their capability, as they are the driving force and mean to reach the well-being of the country and to cope with any emerging regional and global challenges to the development path.

In the past five years of the 6<sup>th</sup> NSEDP, Thailand awarded 213 Lao officials to study in Master Degree Programme and awarded short term training programmes to 2,895 Lao officials in the field of agriculture, public health, education, social development and welfare, natural resources and environment, science and technology, and information technology.

The representative noted that Thailand had extended their financial contribution to improve infrastructure both hardware and software to Lao Government, in order to support regional connectivity and transform Lao PDR from a landlocked to land linked country. Importantly, the sequencing of hard and soft infrastructure in Lao PDR will connect Sub-regional infrastructure as well as see the transformation of transport corridors into more diversified economic corridors. The representative expressed their appreciation to the Lao Government for their active participation in the sub-regional and regional programmes under ACMECS, GMS and ASEAN.

The representative congratulated the Lao PDR on the 7<sup>th</sup> NSEDP, which provided a very clear picture of the Lao PDR Development Strategy in each sector in the next five years, and noted that Thailand confirmed its commitment to cooperate with the Lao Government in its effort to achieve the 7<sup>th</sup> Plan in any sector that Thailand has the capacity, as well as to assist the Lao PDR in achieving the MDGs by 2015 and exit from the Least Developed Country (LDC) status by 2020. He believed that with the strong commitment of the Lao Government Lao PDR would exit from LDC status even before 2020.

The representative considered the RTM as a good opportunity for Development Partners to strengthen cooperation and work together to support sustainable development in long term for structural capacity building and human resources of this beautiful country, and stated that Thailand stood ready to work with the Lao PDR , the UN and other Development Partners under the triangular cooperation programmes in response to the Seventh NSEDP as well as in alignment with Vientiane Declaration on Aid Effectiveness.

### ***Germany***

The representative of Germany was impressed by the economic, social and political performance and achievements of the Lao PDR in recent years, and considered that the Lao PDR has a good chance of achieving the MDGs by 2015 and exiting Least Developed Country status by 2020. He congratulated the Government for the new MDG compact, noting that it touched on the important development issues in the country. He noted the importance of natural resource management and land entitlements in achieving development goals.

The representative highlighted that assistance provided by Germany had doubled in recent years, now amounting to 17 million Euros per year, as the Germany considered that Lao PDR had a good chance of reaching its targets.

He noted that Germany placed a strong emphasis on the private sector, which could contribute many jobs, and highlighted that the country was already supporting the

development of a market-based economy. The representative considered it was important to improve the quality of education in order to meet requirements of the Lao labour market; focus on SME development; and improve access to credit for small and medium enterprises and poor households.

He stressed that it was important to include women in the development process as noted by H.E. Helen Clark in her opening speech, particularly in ensuring equal access to the labour market and in areas such as education, where a gender gap still exists. He considered that full inclusion of women would have a significant impact on achieving the country's development goals.

#### ***Kuwait***

The representative of Kuwait thanked meeting participants, and noted that he was very happy to be attending the meeting. He noted that Kuwait focused on working together for the environment, peace, economic stability and development, and would support developing countries in achieving these goals. In particular, the Kuwait fund focused on food security and poverty reduction.

#### ***World Bank***

The World Bank representative commended the GoL for the vision of the 7<sup>th</sup> plan, including balanced and sustained growth and development of the non resource sector, and noted that Lao PDR would continue to experience high growth, highlighting that to meet the very ambitious expenditure plan the GoL will need to tighten public revenues and tax collection, which the World Bank will continue to support. The representative congratulated the GoL on their management of the global financial crisis.

The representative noted that natural resource development was a major revenue component for the country, and noted that in the future Lao PDR would need inclusive growth with strong macroeconomic management that ensure social and environmental parameters were addressed. This would help the GoL capacity to ensure sustainable management. In addition, there was a need to move away from agriculture and natural resources towards the development of SMEs and other sectors.

Commenting on the recognition in the 7<sup>th</sup> NSEDP to develop the non resource sector, the representative of the World Bank noted the importance of shifting to industry, with the non resource sector in job creation and household income, and recognised the important role the GoL plays in facilitating private sector development. The representative highlighted that development partners should continue to support the government in enhancing institutional development.

With regards to natural resource management the representative noted that associated risks must be carefully managed, including paying attention to social and environmental challenges. GoL capacities in this area need to be strengthened.

With regards to the presentations given in Session 2, the representative highlighted a number of points:

*Public financial management* – in order to develop fiscal space needed for strong public financial management there would be a need to strengthen budget policy, enhance linkages between policies and the budget, and optimize resource revenues to service expenditure plans. The representative recognised progress already made by the GoL in this area.



*Governance* – the representative highlighted that the GoL had already made impressive progress on the sustainable use of natural resources, but there were a number of risks and the issue of concessions needed to be looked at in greater detail.

The World Bank supports efforts to develop efficient and high performing civil service, including compensation systems for civil servants. PACSA and CSMS are both playing a key role in this area.

*Trade* – the representative noted that exports were growing significantly and as such there was a need to deepen trade integration and ensure less fragmentation of ODA in this area.

### ***New Zealand***

The representative of New Zealand congratulated the Government for their success in hosting the tenth Round Table Meeting, which represented an opportunity listen to the GoL about activities and priorities, and to provide New Zealand with an opportunity to frame their own development assistance. The representative was delighted to witness the signing of the MDG compact.

He commended the GoL for the development of the 7<sup>th</sup> NSEDP, which would provide a strong platform to achieve goals. It would also be a platform against which development partners could pledge assistance. He noted that New Zealand was a small donor and relied on working closely with others to maximise the effectiveness of their own contribution.

New Zealand has been a development partner of Lao PDR for many years and provides support in several areas, including scholarships, training for government officials, capacity building, tourism and UXO. New Zealand is attentive to the wider regional picture and the representative noted that Lao PDR is now part of ASEAN. ASEAN has embarked on an ambitious programme of community building and integration, and with 35 years of history with ASEAN, New Zealand listens closely to their ASEAN partners, including the Government of the Lao PDR.

The representative highlighted that New Zealand was in the process of designing a new flagship programme, including scholarships and Australian business leaders exchange programme.

The representative wished the Government of the Lao PDR all the best in their future endeavors, stating that they share common aspirations of aid effectiveness and development. He looked forward to seeing the Lao development goals met by 2015.

### ***France***

The representative of France thanked the GoL and the UN for the successful organization of the Tenth Round Table Meeting. The representative confirmed the commitment of France to support the Lao PDR in achieving their development goals, ODA support to the country within the framework of the 7<sup>th</sup> NSEDP and looked forward to continuing cooperation with the Lao PDR.

In particular, France shared a commitment to graduating the Lao PDR from Least Developed Country status before 2020 and to develop the capacity of the country to finance its own development by increasing its fiscal resources. In coordinating its actions with European partners, France confirms its commitment in the process of coordination of the official development assistance (ODA) in Laos, within the framework of the Declaration of Paris and the Declaration of Vientiane aiming at improving ODA efficiency and harmonization.

The representative highlighted that French public ODA is implemented bilaterally, through the Commission of the European Union, and through the international organizations which it contributes to finance. France is also developing its cooperation with international NGOs and the Lao non-profit associations, within the framework of the new regulation of this sector.

French bilateral ODA can take the form of grants (including technical support), non-sovereign loans granted to public enterprises, loans to the private sector and the sovereign loans directly granted to the State. This last instrument is not used at this stage, but it could potentially be the used in the future. Finally, FDI is a powerful tool to serve sustainable economic development.

Current cooperation is mainly based on grants in three main domains: health, agriculture and urban development and heritage. In addition, cooperation is active in the fields of “Francophonie” and culture, governance, higher education and research. In these sectors, the French ODA grants amounted to 66 million USD in 2010. This does not include assistance provided independently by French local authorities, private foundations, NGOs and companies. The representative noted that France would pursue its assistance in these sectors for the coming years.

The representative stated that the forecasts of French ODA disbursements over the coming five years of the 7<sup>th</sup> NSEDP amounted to 65 million USD - an average of 13 million USD a year. He noted that the amount was indicative and did not take into account all the programs, covering grants and loans. In the coming two years, the forecast of French ODA disbursements already amounts to 31 million USD. France intends to focus on loan development in the coming years.

He noted that the 7<sup>th</sup> NESDP granted rightly a wide place to FDI as an engine for the growth and the rise of the standard of living of the population, and highlighted that France works with the GoL to develop the investments of French companies efficiently and in terms of social and environmental responsibility. From 2000-2009 France was the fourth foreign investor and the first non-Asian investor, including the investment of the EDF company in Nam Theun 2 dam, which is anticipated to yield 2 Billion USD to Lao PDR during the next 25 years and will contribute in a significant way to the budgetary resources of the country, at the level of 8 % a year on average.

France continues to facilitate the investments of French companies in Laos, particularly in the fields of energy, by financing feasibility studies on the basis of the priorities identified by the GoL.

### *EC*

The European Commission made some additional remarks on its development cooperation with Lao PDR, complementary to the joint EU statement made earlier during the RTM. The European Commission's representative highlighted that the EU support provided through the European Commission would focus on national priorities and systems in collaboration with other partners. The MDGs could only be reached with increased public investment, as FDI will not be able to answer all development challenges.

For the 7<sup>th</sup> NSEDP, the representative of the European Commission highlighted the following points:

1. The 7<sup>th</sup> NSEDP needs to consider the recurrent expenditure implications of increased investments.
2. Achievements made in good governance need to be sustained by a clear commitment for the future, reflected in the 7<sup>th</sup> NSEDP.
3. The 7<sup>th</sup> NSEDP should use a very important development potential by enhancing support of the contributions of non-state actors and non-profit associations.
4. The 7<sup>th</sup> NSEDP needs to reflect the challenges of environmental protection and climate change.
5. The 7<sup>th</sup> NSEDP should address adequately the need for a transparent and participatory land use and resettlement policy.

The European Commission representative was confident that the Lao Government would consider the points made and that the partners at the RTM would meet their side of the compact to make the 7<sup>th</sup> NSEDP a true success for all Lao citizens.

### **Japan**

The representative of Japan encouraged GoL to ensure sound fiscal management. In this regard, we have been conducting two technical cooperation projects, and notes that Japan has been conducting two projects in this area – “*The Project for Capacity Building for Public Financial Management Strengthening Program (PFMSP)*” and “*The Project for Enhancing Capacity on Public Investment Program Management (PCAP2)*”

With regards to the Governance sector, the representative noted that Japan will continue to support the GoL, and highlighted that the GoL last year approved *The Master Plan on Development of the Rule of Law in the Lao PDR Toward the Year 2020*. In line with this plan, since July 2010 Japan has been conducting the *Project for Human Resource Development in the Legal Sector* to contribute to the development of the governance sector in Lao PDR.

The representative then commented on private sector development through investment promotion, firstly reiterating that the increase of domestic and foreign investment could play a key role to boost the national economy of the Lao PDR and encouraging the GoL to continue to take concrete actions to improve the investment climate, such as promulgating the Prime Minister’s Decree on Unified Investment Promotion Law as soon as possible, and streamlining investment related procedures including introduction of “One Stop Service.”

The representative emphasized that the GoL and development partners should focus on and encourages attracting Sustainable Quality Investment such as investment in the manufacturing sector. Such investment would create long term employment for Lao people and transfer knowledge, skills and technologies to domestic industries.

### **USA**

The US representative commended the progress to date on trade, investment and private sector development and considered the proposed plan of policies for economic growth exciting. Through the Asia regional program the US has been working with GoL in this area for the last three years, including development of bilateral trading and supporting necessary reforms.

The US is fully committed to support the GoL in its preparations for accession to WTO as well as enhancing the broader legal commercial and policy framework required to support the private sector in the country. The representative expressed their appreciation of the partnership with the Ministry of Industry and Commerce, and look forward to working closely together to continue making progress.

#### *UN*

The UN representative highlighted good governance as a key precondition to achieving the 7<sup>th</sup> NSEDP and the MDGs and noted that development goals could only be achieved if state financial resources are properly managed, basic social services delivered, the law enforced and citizen's rights are protected by law. Decisions must be made with transparency and accountability, and citizens must be able to actively participate in decision making processes affecting their lives.

He noted that at a time of rapid growth, the justice and legal framework and increased transparency were crucial and that civil society represented a vast and untapped potential of skill and will to contribute to poverty reduction.

The representative highlighted that most of the strong economic growth in GDP in recent years originated from the hydroelectricity and mining sectors, with some contribution from forestry. With this in mind, it was crucial that significant inflows of FDI are carefully managed and should maximize skills and technology transfers to the benefit of the Lao people. Also, ensuring that increased public revenues are re-invested back into the human sectors of health, social protection, and all levels of education was critical, and there was a need to ensure appropriate regulatory frameworks that safeguard the interest of the Lao people.

More attention would need to be given to fiscal sustainability, increased domestic revenues and expenditure efficiency. Long-term sustainable growth would require seeking economic diversification as well as building strategies in different sectors to achieve this goal. A diverse and vibrant local private sector and trade facilitation would add more employment opportunities for the Lao people. In a country where young people represent more than 50% of the total population, the UN would like to call attention to the need to ensure increased employment opportunities that engage the growing working age population in productive employment. It was important to ensure that youth have access to opportunities and employment to prevent them from taking up drugs, crime and other negative social behaviors.

### **2.3. Catalyzing Development and Stimulating Rural Economy: Livelihood and Natural Resource Management**

#### *Presentations*

- **Infrastructure and Regional Integration Development Strategy**  
Presentation by H.E. Mr. Sommad Pholsena, Minister of Public Works and Transport
- **Agriculture Promotion and Rural Livelihood Development Strategy**  
Presentation by H.E. Mr. Sitaheng Rasphone, Minister of Agriculture and Forestry
- **Environmental Protection and Climate Change**  
Presentation by H.E. Mme. Khempheng Pholsena, Minister to the Prime Minister's Office, Head of Water Resource and Environment Administration

#### **Discussions**

##### *Switzerland*

Switzerland made comments on the issues raised in session 2, congratulating the GoL on their extensive efforts in macroeconomic reform, poverty reduction and progress towards achieving the MDGs, and noting that they fully support the statements made by the EU on behalf of the European Development Partners active in Lao PDR. The representative of Switzerland noted that Switzerland would sign the MDG Compact at the Round Table Meeting.

Switzerland commended the GoL for their leadership in developing the new NSEDP, which would fundamentally influence the development path of the Lao PDR in the coming 5 years. Switzerland appreciated the openness of Government in consulting with its development partners on the 7<sup>th</sup> NSEDP, and noted that very important comments on the draft were made during the process, in particular through the Sector Working Groups and through a written communication by the European Development Partners, in May this year.

While some of the comments were taken into consideration during the revision of the draft NSEDP, Switzerland noted that some valuable points had not fully been considered, and they would appreciate it if the GoL could further consider the comments made by the Sector Working Group on Governance and by the European Development Partners active in Lao PDR. Switzerland highlighted the following four points that would deserve further attention in the finalisation and implementation of the NSEDP:

- the importance of governance as a key element to succeed in a balanced socio-economic development;
- the importance of developing strategies adapted to the situation in the uplands and its diverse ethnic population groups;
- the importance of careful, sustainable and equitable use of natural resources as the way "land is turned into capital" in the next 5 years will impact the long-term future of the country;
- the importance of ensuring broad people's participation, in policy development and implementation, calling on the GoL to ensure that all sectors of the society, including non-state actors, are fully consulted and involved in development processes, in line with the engagements of Accra Agenda for Action.

Switzerland also commented on two sectors where the Swiss development programme in the Lao PDR is active, namely Governance and Agriculture and Natural Resources Management.

With regards to Governance, Switzerland underscored three points which are of particular importance for the future development of the sector, and for the successful implementation of the 7<sup>th</sup> NSEDP:

- Switzerland shared the government perspective that good governance is a strong catalyst for improved service delivery in different sectors contributing to poverty reduction and development. From Switzerland's own experience, they know that efficient service delivery to citizens requires clear central and local relationships, as well as appropriate capacity at the local level. The Public Administration Reform programme of the Government, supported by Switzerland, has defined the main framework conditions for strengthening public service delivery. Now comes the challenge of transforming policies into results. Switzerland thus encouraged the GoL to increasingly focus its attention on the implementation of these reforms at local level.
- Switzerland is aware of the importance and benefit of active citizen's participation in public affairs, and it is confident that the 7<sup>th</sup> NSEDP would confirm the steps already made by the GoL to strengthen the participation of citizens in development and decision processes. Switzerland supported this trust and would continue to engage with both Government and local civil society organizations to strengthen involvement of citizens and communities in the country's development agenda and would be interested if the GoL could further elaborate on its medium-term vision for civil society development in Laos.
- Switzerland will continue to engage in the Governance sector. The revised Governance Strategic Plan will provide the broad framework for our support and as such Switzerland called for its rapid finalisation and the development of an implementation roadmap to assist the involvement of development partners.

With regards to agriculture and natural resources management, Switzerland shared many aspects of the analysis, orientations and guiding elements which are part of the Agriculture Strategy, and appreciated that GoL Strategy aims to contribute to the goals of inclusive, pro-poor and sustainable development. Small scale agriculture will need assistance to develop its comparative advantages and adjust to a strong competitive environment of transboundary and global markets which are currently foreseen as the best chance to develop Lao agriculture.

As indicated in the new Agriculture Strategy, 23% of population is still undernourished mostly because of low level productivity. Switzerland called on the GoL to define mechanism to ensure that this particularly vulnerable segment of the rural population has a chance to improve in such conditions.

Switzerland is also concerned that millions of rural families are currently food secure but may see their resilience threatened by an increased competition for land and productive resources. Switzerland thus urges Government to define way to ensure that local communities will have sufficient land to grow their food and use forest land, before implementing any large scale land development schemes

Switzerland noted that according to what has happened in many places worldwide, one may legitimately fear that uncontrolled FDI is a risk of taking very destructive shortcuts for good economic opportunities. In order not to lose the very real potential of Lao agriculture, the

urgent development of policies and rules was needed, such as the development of a code of conduct for both national and provincial levels to protect both the natural resources and the rural societies. In this context, it is useful to recall that Lao PDR quite recently ratified the Right to Food, which was a relevant tool to be applied to make progress on the land issue. Switzerland noted that turning land into capital is a good intention, but we have to be careful to whom it will benefit.

Switzerland finally indicated that it is committed to support the GoL toward the achievements of the MDG's by 2015. It will continue to be engaged the two sectors of governance and natural resources in the future.

### ***INGO Network***

The INGO Network representative on behalf of its 73 members expressed its deep gratitude for being associated with the Tenth Round Table Meeting.

The representative considered that to achieve the objectives set out in the 7<sup>th</sup> NSEDP and the MDGS as well as graduate from Least Developed Country status by 2020, there must be a parallel focus on GDP growth and social development. Gaps between rich and poor can increase with economic growth, and as such there must be appropriate governance mechanisms in place to address this issue and safeguard pro-poor and sustainable development.

The INGO Network addressed two issues they regard as essential in reaching planned targets, 1) the importance of balancing FDI with inclusive so-economic development, and 2) the importance of an all-inclusive process to support the Government to reach its goals.

The representative noted that the Lao PDR was blessed with a broad and rich range of natural resources and investment in the mining, hydropower and plantation sectors, and noted that making use of these resources is playing a significant role in economic growth. However, there was a risk that this investment could lead to competing interests over land, water and forests between large-scale investors and rural (often poor) communities relying on the same natural resources for their subsistence.

The significant revenue brought in by these investments in turn allows for increased Government budget allocations to support development, and the representative congratulated the Government on the recently increased investment in the education sector. To guarantee equitable growth, the representative considered that there was a need for greater social sector investment to ensure, amongst other things, that poor communities do not bear the negative impacts of large investment projects.

She noted that a key to guaranteeing equitable growth is transparency and accountability, and the representative highlighted that the National Assembly was currently playing an important role by voicing the concerns of citizens. Increasingly, conflicts over land and natural resources have been reported to the National Assembly, as recently reported at the inter session in September and at the recent high-level conference on Turning Land into Capital.

The representative highlighted that this conference, organized by the National Land Management Authority, provided a platform for open discussion between a range of stakeholders on the potentials and risks of turning land into capital. At the conference, His Excellency Somsavath Lengsavad, Deputy Prime Minister stressed the role that International NGOs and Non-Profit Associations could play in assisting the Government to disseminate

information about the legal framework and to facilitate information flow from communities to authorities.

The INGO Network applauds the goal to issue one million land titles without creating conflict, as stated in the 7<sup>th</sup> NSEDP. The representative considered that many conflicts arising from land issues could be prevented through balanced negotiations, where the concerns and interests of all of those potentially affected could be voiced, heard and addressed. Only through balanced negotiations engaging all parties, including Lao civil society, will concerns such as insufficient compensation for land taken from communities, raised at the conference by Dr. Souvanpheng Bouphanouvong, Deputy Head of the Assembly's Economic, Planning and Finance Committee, be addressed. The INGO Network wholeheartedly supports Dr Souvanpheng's statement. This approach could also ensure that communities have access to sufficient quality land for their food production needs and that adequate compensation is provided when land concessions are given.

Further, the representative considered that it was critical as development partners support Government policy to promote socio-economic equity, that all stakeholders are involved in supporting the Government achieve its goals. Specifically, the INGO network believes that Lao civil society has a key role to play in ensuring that communities interests are represented at all levels, that transparency and accountability is increased and that relevant information is available to all concerned.

To allow local civil society to take an active role in supporting development efforts, a conducive environment must be created. Local organizations need to have broad access to information, they need to become interlocutors to development partners and to their Government and they also need a space to be organized. Strong civil society contribution to broad development goals can only exist if government acknowledges the value of their contribution and allows them to operate independently.

Currently over 70 Lao Not-for-Profit Associations are awaiting their final approval under the Prime Minister's Decree no. 115. Some have been waiting for this approval for almost a year. The INGO network encouraged and supported the Government to expedite these pending approvals and thereby enable these associations to assist the Government in the further development of the country.

In conclusion, the INGO Network, recalling commitments made in Accra as part of the aid effectiveness agenda, looked forward to working with their Government partners to ensure a more diverse representation of Lao civil society is present at the Eleventh Round Table Meeting.

Finally the representative committed the network to providing continued support to assist the Government of the Lao PDR to achieve the MDGs and the goals set in the 7<sup>th</sup> NSEDP, and welcomed opportunities for further collaboration with the Government and other development partners in this important work.

### ***Finland***

The representative of Finland thanked the Government for the successful organisation of the Round Table Meeting, which so far was very fruitful.

With regards to the EU statement, the representative noted that Lao PDR has a significant natural resources such as water, and noted that water should be seen as a cross cutting issue and an enabling factor for several other sectors such as agriculture and forestry. The



representative noted that water was central to sustainable development and was also central to achieving many of the MDGs.

The representative highlighted that climate change was a challenge internationally and nationally, and noted that Finland considered gender is particularly important in relation to climate change and that women should be empowered at all levels of the climate change process. She stressed that the solving of social issues in connection with the environment and the implementation of development programs was of vital importance.

She noted that Finland supported the Lao PDR in the environment and land management sectors. As both an EU member and bilateral partner, Finland stood ready to support the Lao PDR in social and economic development.

### ***ADB***

The ADB representative congratulated the GoL on developing a very good network of national and provincial roads and noted that ADB would continue to provide support in terms of strengthening planning and maintenance capacity.

The representative noted that over the past fifteen years, by consciously integrating national transport development in the Greater Mekong Sub-region (GMS), Lao PDR had evolved from a land-locked to a land linked country. Within the GMS context, the challenge was to transform transport corridors into economic corridors. GMS and other sub-regional initiatives were now considered to be part of ‘bottom-up’ building blocks for sub regional community development, and the representative noted that ADB would continue to be involved in the sector in cooperation with other development partners.

### ***UN***

The UN representative noted that by placing “sustainable development” as one of the top four overarching targets for the 7<sup>th</sup> NSEDP, there was an acknowledgement of the importance and urgency of this sector. He noted that poverty in Lao PDR continues to have a distinctly rural face, with many rural people still very much dependent upon their natural environment.

The representative considered that land and access to land was the safety net for people and a source of family and national nutrition and food security, as well as livelihoods. If enacted carefully, government policies could ensure that resources were utilized to the mutual benefit of both the people and investors, and at worse uncoordinated decisions on land use changes could lead to both tenure conflicts and biodiversity loss. He noted that sound local rural and urban development implied stronger emphasis on comprehensive urban and rural land management and master planning process, through participatory measures.

He highlighted that while poverty rates had reduced in the last years, food poverty had increased from 2003 to 2008 from 19.5% to 26% respectively. It was increasingly clear that addressing this “chronic crisis” of food insecurity and malnutrition, particularly among children, as well as linked issues such as water and sanitation, was a prerequisite for equitable development. Given the increased frequency of disasters in Lao PDR, the importance of risk reduction and preparedness at both national and local levels have grown. Extreme weather events, including floods, storms, drought conditions, cause more economic and social damages to thousands of people all across the country as climate change is a reality. Recent outbreaks of avian influenza and H1N1 pandemics also show that the country needed to be ready for pandemics.

The represented noted that effective implementation of the 7<sup>th</sup> NSEDP would require strengthened coordination within Government and between all development partners and

stated that in the spirit of UN Reform, the UN system in Lao PDR committed to harmonize and simplify their development programming so that efforts were better aligned to the national development priorities. The challenge ahead will be ensuring results based management for effective implementation. In addition, he considered that there should be further emphasis on a planned review mechanism that would ensure an effective Monitoring and Evaluation (M&E) system.

### *Japan*

The representative of Japan thanked the Government and noted that on 8 October, together with H.E. Mr. Sommad, Minister of Public Works and Transport and Mr. Chon Chi Nai, Country Director of ADB, Japan co-chaired the 3rd Infrastructure Sector Working Group meeting. During this meeting, Japan emphasised the importance of smooth cross border transportation. The Government of Japan has been providing assistance to develop the East-West Corridor, which was of great importance for the economic development of Lao PDR. In addition, Japan is now conducting a preparatory survey for National Road No.9, and expects that regional connectivity and integration will be accomplished in the future.

The representative touched on the efforts of Japan in the field of Climate Change, highlighting their appreciation that the GoL is actively dealing in “Reducing Emissions from Deforestation and Forestry Degradation Plus” (REDD+), which plays an important role in Climate Change. The Government of Japan is also actively dealing with this problem and intended to enhance cooperation with the Lao Government in tackling forestry issues including REDD+ through ongoing projects.

In particular, Japan and Mekong region countries issued a statement “*A Decade Toward the Green Mekong Initiative*” at the First Japan-Mekong Summit Meeting last November in Japan. Through this statement, Japan recognized the importance of enhancing cooperation on environment conservation so that the Mekong region countries can achieve a “Green Mekong” with lush greenery, rich biodiversity and resilience to natural disasters. The representative considers that environment conservation can be accomplished through various measures including reforestation, Mekong water resource management and reduction of greenhouse gas emissions.

The representative highlighted that Japan’s ODA will be implemented as a part of Japan’s policy to expand its ODA to the Mekong region as a whole by extending more than 500 billion JPY in the next 3 years starting FY2010.

As a part of this, the Government of Japan has provided assistance through four projects, namely “*The Forest Preservation Programme*”, “*The Programme for Forest Information Management*”, “*The Project for Introduction of Clean Energy by Solar Electricity Generation System*” and “*The Programme for the Improvement of Capabilities to Cope with Natural Disaster Caused by Climate Change*”.

With regards to the issue of UXO, the representative congratulated the initiative of the Lao Government to host the First Conference for State Parties of the Convention on Cluster Munitions in the Lao PDR in November, and expressed their appreciation for the Lao Government’s efforts in tackling UXO issues, noting that while much remains to be done, good progress had been made in terms of UXO clearance.

In supporting efforts in this area, the Government of Japan, as a major contributor to UXO Lao, has been working with the Lao Government through various cooperation schemes. The representative informed the meeting that, with the funding from the Government of Japan,

which, from 2006 to 2010 amounted to approximately eight million USD, UXO Lao had so far cleared 4,700 hectares of the land and disposed of nearly 150,000 UXO items such as bomb, bombies, and mines. Japan, together with other Development Partners, would be pleased to make further contributions to solving the critical UXO issues. In addition, the Government of Japan has financed an assistance project for UXO survivors implemented by AAR Japan, a Japanese NGO.

The representative noted that the Government of Japan regards it as very important to accelerate the socio-economic development in Lao PDR and provide UXO-related grants to provinces which require intensive assistance.

### ***Germany***

The German representative noted that German assistance focused on infrastructure rural growth and environmental protection and climate change. He highlighted the he was impressed by the GoL strategies presented at the meeting today.

The representative noted that South East Asia was modernizing at a fast paced, however agriculture was still at the heart of the reality of most families in rural areas. He considered that hydropower and infrastructure development was key to the development of the country as a whole, and noted the reference to land by Helen Clark this morning. He stressed that investments in mega projects need to benefit all people of Lao PDR.

He noted that Germany had chosen to assist in climate change, recognizing that it was difficult to preserve the environment in the face of modernisation. With regards to land, environment and climate protection issues, Germany welcomed the goal of issuing one million land titles, and noted that uncertain access to land and lack of legal certainty in land use has provided constraints to rural development, highlighting the danger of land grabbing and the significant impact it can have on households.

The representative noted that Germany was one of last development partners left supporting land titling, and appealed to the GoL to allocate needed funding for this process at the appropriate level and in context of poverty reduction and sustainable socio economic development.

He welcomed the introduction of carbon credit mechanisms and noted that nation wide environmental education was essential to help support the GoL's vision and strategies, highlighting that inclusion of local communities in the management of land and the environment would be welcome.

### ***Australia***

The representative of Australia welcomed the 7<sup>th</sup> NSEDP goal of enhancing international trade and economic cooperation, and noted that Australia would do its part to support the Government of Lao PDR by providing continuing support for trade and economic integration through ASEAN and the Greater Mekong Subregion Program.

She noted the many economic and social benefits from infrastructure development, also highlighting the ongoing need to mitigate the negative impacts, including the spread of HIV/AIDS and people trafficking, particularly during the construction phase.

The representative considered that the Lao PDR's plentiful natural resources could deliver significant benefits to economic development and poverty-alleviation goals, however it was important to be aware of the challenges Lao PDR faces in effectively harnessing and governing these endowments to achieve sustainable growth and poverty reduction as

indicated in the 7<sup>th</sup> NSEDP. She noted that Australia was pleased to see that the 7<sup>th</sup> NSEDP highlights the need to focus on social protection and noted that civil society had a major role to play in this type of work.

She noted that effective governance and the creation of a favourable foreign investment regime would be crucial to harnessing Lao's natural resource potential and considered that the future success of new ventures required even-handed and balanced policy, legal and financial regimes, as well as an understanding of the risks involved for investors and tangible measures to encourage investor confidence and security.

In addition, mitigating negative environmental and social impacts would be critical to ensure that the poverty reduction benefits of this economic growth are not undermined.

The representative highlighted that further development of hydropower in Lao PDR had the potential to provide affordable electricity to Lao towns, villages and industries, and a steady stream of income from exporting power to neighbouring countries. However, it should be noted that any water resources development, especially hydropower dams on the mainstream of the Mekong, would have impacts on other services provided by river basins.

She considered the importance of informed decision-making, including consideration of the impact of dams on food security before scaling up the hydropower sector and stated that further detail on how the hydropower sector would be advanced, including the consideration and mitigation of negative impacts would be highly welcome.

The representative encouraged the GoL to participate fully in the procedures for notification, prior consultation and agreement for the proposed mainstream dam in Xayaboury Province. Further detail on how the hydropower sector will be advanced, including the consideration and mitigation of negative impacts, would be highly welcome.

### **USA**

The representative of the USA welcomed the statements made in Session 3, particularly the plans and policies outlined by Her Excellency Madam Kampheng Pholsena. The US recognised the vital role of Lao PDR natural resources in economic development of nation, and noted that the US stood ready to help the Lao PDR develop these resources sustainably, avoiding corruption and the over concentration of wealth that has occurred in some other resource rich countries. He noted that transparency was key to ensuring Lao remains an attractive investment country.

He urged the Government of the Lao PDR to use natural resource revenue to develop human resource capital, which will provide jobs driven growth. He encouraged the GoL to make maximum use of environmental impact assessments, particularly on large projects and noted that the US would be happy to work with their partners to providing lessons learned in the US which were learned at great environmental cost. He suggested perhaps performance and liability bonds could be introduced to help address this issue.

He noted the US would continue to expand the Mekong River Initiative launched by Senator Hilary Clinton in July 2009, focusing on capacity development, environment, health, education and infrastructure.

***India***

The representative of India noted that while India was not party to the Oslo Convention, they were actively assisting in addressing the UXO issue on Lao PDR, and stated that India was willing to consider requests for assistance in UXO clearance through a bilateral framework.

He agreed with discussions about enabling investment, considering that ODA and FDI should work in tandem. He noted that Indian companies had invested in the Lao PDR, including a 350 million USD investment in a eucalyptus plantation, as well as two other companies who have invested 25 million USD each.

### 3. Conclusion

#### Concluding Remarks

by H.E. Dr. Ajay Chhibber

Chair of the UN Development Group Asia Pacific, UNDP Assistant Administrator

Dr. Ajay Chhibber said he was very much inspired throughout the day by the good will and strong support expressed by Lao PDR's many Development Partners for the achievement of the valuable goals defined in the 7th NSEDP 2011-2015.

He stated that Development Partners have resoundingly expressed high appreciation for the country's many impressive achievements and offered a wide range of suggestions and expressions of related assistance.

He also stressed that Lao PDR has clearly achieved some impressive results over the past decade generating high returns for ODA investments and additional assistance will be especially needed to propel the country in its final lap towards the achievement the MDGs and graduation from LDC status.

Recalling the Prime Minister's opening address, Dr. Chhibber said that His Excellency Bouasone Bouphavanh opened the meeting with a succinct review of Lao PDR's many achievements during the 6th National Socio-Economic Development Plan 2006-10, and outlined a number of emerging opportunities and challenges ahead for the 7th NSEDP 2011-15.

Dr. Chhibber referred as well to the keynote address of Her Excellency Ms. Helen Clark, Chair of the United Nations Development Group (UNDG) who congratulated the Government of Lao PDR for putting "the MDG's at the heart of the 7th NSEDP", and emphasized that greater investment in the social sectors, social protection and social equality is not just good social policy, but very smart economic policy.

In his remarks, Dr. Chhibber said that as it was highlighted throughout the day, achieving quality growth and development through the 7th NSEDP will require much greater efforts in the critical areas of governance, natural resource management, efficient and equitable land management, mobilizing quality foreign direct investment, private sector and trade reform, public finance reform, supervision and oversight of banking and finance, enabling infrastructure, as well as further consolidating macro-economic stability.

In this regard Dr. Ajay found quite remarkable the convergence of views expressed by government and development partners on such critical issues throughout the day. Clearly this reflects very strong partnerships developed over the past decade.

Dr. Ajay Chhibber has summarized the discussions as follows:

- Positive and constructive deliberations and convergence of views on a wide range of issues and topics within the 7<sup>th</sup> NSEDP
- MDG Compact signed by the Government and the UN; it is open for other DPs to sign; this an expression of future support to implement the MDGs including the new MDG 9 (UXO)
- DPs expressed their satisfaction and appreciation of the many achievements accomplished by the government over the past years, especially within the 6<sup>th</sup> NSEDP
- Good will and strong support to the 7<sup>th</sup> NSEDP
- The MDGs being a central part to the 7<sup>th</sup> NSEDP was highlighted and appreciated

- Many comments on gender promotion and mother and child protection as it can have multiplier effects on other MDGs
- DPs highlighted importance to achieve high GDP growth but not any cost
- Growth with equity and quality growth were at the heart of the discussion
- Agriculture production and food security considered as major challenge in the face of natural disasters
- Green growth and environmental protection considered important for development sustainability; and the need to monitor impact assessment
- Participants pledged further support to policy relating to climate change
- Enabling infrastructure and importance to increase investment in transport infrastructure to turn Laos from landlocked to land linked
- Macroeconomic stability was appraised as well as progress made in public finance and debt management despite the global financial crisis
- The need to pursue reforms in public financial management and the need for government to increase its budget revenues and allocation to development projects especially in social sectors were underlined several times
- The need to ensure that budget implementation is in line with national priorities
- Relation between current and capital expenditure highlighted
- Banking system and acceleration of related reforms and implementation of supervision regulations
- Good governance, rule of law, legal framework, natural resource management and quality FDI captured strong attention
- Natural resources were highlighted as great opportunities but also as challenge: participants urged government to make sure that NR blessing doesn't turn into resource curse
- The coordination mechanisms within the round table process and the work of the SWGs were appreciated and supported
- The government leadership demonstrated at global level and the active participation of the Lao officials in the international sphere (including at the MDG Summit and the organization of the Conference on Cluster Munitions as well as the ASEAN Summit that will take place in Vientiane in 2012) was highly appreciated; one DP said "Laos is back on the map"
- FDI was considered as very catalytic in lifting the country's development, but it was recognized that a careful management of FDI projects is required
- Investment in resource (mining and hydropower) and non-resource sectors (agriculture, manufacturing and services) needs to be balanced
- One stop clearance service for private investment approval came out in discussion
- The need to further promote domestic/endogenous private sector and SMEs
- Great concern expressed over land policy given that many Lao families did not secure land titling
- Land titling especially in rural areas need to be accelerated; the government aims to issue 1 million land titles was strongly praised but it was said that these titles should be given to the right persons
- Participants noted the importance of project implementation, aid effectiveness and implementation of VDCAP as this will help wider access to international financing
- The strong role played by National Assembly was highlighted as well as the need for greater participation of local media and civil society
- Quality of and access to information, statistics and data: reference was made to the recent approval of the statistics law

**Closing speech**

by H.E. Dr. Thongloun Sisoulith  
Deputy Prime Minister, Minister of Foreign Affairs

At the end of the day, Deputy Prime Minister and Minister of Foreign Affairs Dr. Thongloun Sisoulith extended his sincere thanks to a Co-Chair, Dr. Ajay Chhibber, Chair of the UN Development Group and UNDP Assistant Administrator for the comprehensive summary of an interactive dialogue throughout the day. He also expressed his satisfactions on a very fruitful discussion that had resulted in many concrete recommendations and suggestions, which can be of great significance for us to pursue the country's development goals.

Dr. Thongloun noted that the Lao PDR Government has been very much encouraged by the supports and positive assessment made by its development partners and friendly countries on development performance over the past years. At the same time, he also highlighted that there are a lot of issues and challenges to be done by the Lao PDR, especially related to the high quality and long-term sustainability of the economic growth; minimization of development gap between the rural remote and urban areas; creation of a more systematic approach to address the Malnutrition issue.

He added that one of the challenges that has been encountering by the Lao PDR Government is how to ensure the availability of resources required to meet the goals and target set for the next five years. Although the Lao PDR has made considerable progress in its socio-economic development and implementation of MDGs, its economy still remains fragile and vulnerable to the external crisis, therefore, the international assistance like official development aid or soft loan are still necessary to fill the gap.

In this connection, the Deputy Prime Minister has illustrated that the Lao Government has already formulated the right policy, undertaken concrete measures and actions to address such challenges facing the Government. Dr. Thongloun emphasized that main tasks for the coming years are to translate these measures into a more tangible outcome, and attached the importance of building a strong partnership with the international community, and encouraging development partners to confirm their supports and sign the MDGs Compact in order to contribute to the successful implementation of these measures.

Prior to declaring the meeting closed, the Deputy Prime Minister Dr Thongloun Sisoulith again conveyed his sincere thanks to His Excellency Bouasone BOUPHAVANH, Prime Minister of the Lao PDR, Madame Helen Clark, Chair of the UNDG and UNDP Administrator for their presence at the opening ceremony of this High-Level Round Table Meeting 2010 and for setting the tone for our discussion, and especially to a Co-Chair Dr Ajay Chhibber, Chair of the UNDG Asia Pacific and UNDP Assistant Administrator. Also, his thanks go to all development partners, the Government agencies and the UN system for the hard work they have put into the preparation and organization of this meeting.



### **III. Courtesy visit to His Excellency the President of the Lao PDR**

A meeting of Heads of Delegation with His Excellency Choummaly Sayasone, President of the Lao PDR on the outcome summary of the High-Level Round Table Meeting 2010 was held on 21<sup>st</sup> of October 2010. In this connection, the President extended his warm welcome and sincere thanks to Dr. Ajay Chhibber, Chair of the UN Development Group and UNDP Assistant Administrator as well as to all the delegations for attaching the importance and attending the meeting with straight forward comments and recommendations on statements made on various sectors as well as with strong commitments to continuously support the Lao PDR Government's MDGs and the 7<sup>th</sup> five-year NSEDP implementation. He also expressed his satisfaction with the very successful results of the High-Level RTM 2010 by emphasizing that this success is attributed to dedicated efforts of the Lao PDR Government, the United Nations, Development Partners and INGOs. Before inviting Dr. Ajay Chhibber to deliver his remarks, the President informed the meeting and invited all the delegations to the First Meeting of the Member States Party to the Convention on Cluster Munitions that will be held in Vientiane from 09 to 12 November 2010, and the 450th Anniversary Ceremony of the Vientiane Capital of the Lao PDR.

H.E. Dr. Ajay Chhibber, Chair of the UN Development Group and UNDP Assistant Administrator extended his sincere thanks to His Excellency the President Choummaly Sayasone for taking time to meet with the heads of delegations to the RTM. Dr. Ajay, on behalf of Development Partners, congratulated the Lao PDR Government on the achievements of its 6<sup>th</sup> NSEDP that witnessed sustained economic growth, macro-economic stability, regional and global integration and significant poverty reduction. In addition, he also congratulated the Lao PDR Government's ownership and leadership over the process of its 7<sup>th</sup> NSEDP formulation.

Dr. Ajay highlighted the consensus on key issues between Development Partners and Government of the Lao PDR as follows:

#### ***1. Growth with Equity***

Whilst the overall rate of growth is positive – it is also creating growing inequalities. Rural communities are in danger of being left behind, and the numbers of urban poor are growing. Regional disparities exist. Despite average income levels having risen in recent years, child malnutrition and maternal mortality rates in parts of the country are high. Gender equality is lagging behind, which could otherwise have a strong multiplier effect for achieving all the MDGs. Prioritizing unexploded ordnance (UXO) as the new MDG 9 for Laos helps to accelerate the removal of this impediment to poverty reduction.

#### ***2. Investing in the Social Sectors***

Current revenues generated from mining and land concessions through FDI need to be re-invested back into the social sectors to lay the foundations of growth for the next generation. Social protection and cash transfer schemes for the most poor have proven to be highly effective in many countries. Building resilience among the poorest communities is of fundamental importance in a country that is prone to natural disasters, extreme weather and increasingly to the effects of climate change.

#### ***3. Natural Resources***

Development partners recognize that there are significant pressures on the richly endowed natural environment and bio-diversity of Laos. But this is being rapidly eroded in the absence of sufficient regulatory, policy or enforcement controls in place. We would be

interested in working more intensively with you to ensure the natural environmental assets of Laos are not depleted – but rather, properly and sustainably protected.

#### ***4. Managing Foreign Direct Investment***

Over 60% of the 7<sup>th</sup> NSEDP is to be financed from FDI. The quality of that FDI and its contribution to national development needs to be improved. FDI should contribute positively to job creation, skills development, technology transfer, local business development and to environmental sustainability. At present, a significant proportion of FDI revenues derive from the extractive sectors. These resources are finite and the commodity prices on which the revenue streams are based have proved volatile. Hence Laos should not depend too heavily on the longevity of revenues from this narrow sector.

#### ***5. Diversify the Economy for skills and jobs:***

We agree that Laos needs to modernize and diversify its economy incrementally away from its agricultural dependence – and for this it needs to actively promote indigenous business, manufacturing and services for job creation. Lao human and skills development should be tied closely to those emergent sectors where Laos has a competitive advantage. Jobs, skills and enterprise represent a very important priority given the high proportion of young people in Laos.

#### ***6. Land***

Development Partners highly commended the Government's commitment in the new NSEDP to issue 1 million new land titles over the next five years. A sensible land policy is vital to poverty reduction. Poverty sensitive titling fees and poverty sensitive land taxes are important given that most farm families have little cash income. We believe that land in Laos is central to the national poverty reduction efforts of the 7<sup>th</sup> NSEDP.

#### ***7. Governance***

Development partners appreciate the recent steps taken by the Government aimed at enhancing openness, participation, transparency and accountability, as well as efforts to lay the foundations for a society based wholly on the rule of law. The strengthening of the role of the National Assembly and participation with the nascent civil society represent positive developments that we would all like to see expanded. Efforts to address corruption also send an important signal to all stakeholders. Strengthening the Government's own institutional capacities, both at the national and sub-national levels will be important, as will a prioritized public sector capacity building programme that systematically builds capable civil servants able to carry out the full range of governance and service delivery functions.

#### ***8. Infrastructure:***

Investment in key infrastructure emerged as a high priority for a number of development partners – turning Laos from a 'land-locked' into a 'land-linked' country. Building infrastructure is important for communications, energy and water sectors, as well as for trade, transport and economic development. Increased connectivity and integration will be improved nationally and within the region as a direct result.

## **Annex 1:**

### Agenda of High-Level RTM 2010

**Day 1 - 20 October 2010 (Wednesday)**

- 08:00 – 08:30            **Registration**
- The Tenth High Level Round Table Meeting officially opens**
- Meeting Chair:**        H.E. Dr. Thongloun SISOULITH, Deputy Prime Minister, Minister of Foreign Affairs of the Lao PDR
- Meeting Co-chair:**    H.E. Dr. Ajay Chhibber, Chair of United Nations Development Group Asia Pacific, UNDP Assistant Administrator
- 08:30 – 08:35            **Introduction**  
By Master of Ceremony – International Cooperation Department, Ministry of Planning and Investment
- 08:35 – 08:50            **Opening Address**  
By H.E. Mr. Bouasone BOUPHAVANH, Prime Minister of the Lao PDR
- 08:50 – 09:05            **Keynote Address**  
By H.E. Ms. Helen Clark, Chair of the United Nations Development Group, UNDP Administrator
- 09:05 - 09:25            **Millennium Development Goals Compact**
- 09:25 – 09:35            **Group Photo Session with Prime Minister and Chair of the United Nations Development Group, UNDP Administrator**
- 09:35 – 10:35            **The Development Cooperation Exhibition and Coffee Break**

***Session 1 – Achieving Growth with Equity through the Seventh NSEDP***

- 10:35 – 10:50            **Presentation on the Seventh Five-Year National Socio-Economic Development Plan (NSEDP) 2011-2015**  
By H.E. Dr. Sinlavong KHOUTPHAYTHOUNE, Minister of Planning and Investment
- 10:50 – 12:00            **Discussions**
- 12:00 – 13:30            **Lunch**

***Session 2 – Enabling Environment: Financing, Accountability and Jobs***

- 13:30 – 13:40            **Public Financial Management Reforms and Fiscal Measures within the Seventh NSEDP**  
By H.E. Mr. Somdy DOUANGDY, Minister of Finance
- 13:40 – 13:50            **Governance Strategy to support the Seventh NSEDP**  
By H.E. Ms. Bounpheng MOUNPHOXAY, Minister to the Prime Minister's Office, Chairperson of Public Administration and Civil Service Authority (PACSA)

13:50 – 14:00            **Mainstreaming Trade into the National Economic Development Agenda**  
By H.E. Dr. Nam VIYAKETH, Minister of Industry and Commerce

14:00 – 15:00            **Discussions**

15:00 – 15:30            **Coffee Break**

*Session 3 - Catalyzing Development:*

15:30 – 15:40            **Infrastructure and Regional Integration Development Strategy**  
By H.E. Mr. Sommad PHOLSENA, Minister of Public Works and Transport

*Stimulating Rural Economy: Livelihood and Natural Resource Management*

15:40 – 15:50            **Agriculture Promotion and Rural Livelihood Development Strategy**  
By H.E. Mr. Sitaheng RASPHONE, Minister of Agriculture and Forestry

15:50 – 16:00            **Environmental Protection and Climate Change**  
By H.E Ms. Khempheng PHOLSENA , Minister to the Prime Minister's Office, Head of Water Resource and Environment Administration

16:00 – 17:00            **Discussions**

*Session 4 – Closing*

17:00 – 17:15            **Concluding Remarks** by H.E. Dr. Ajay Chhibber, Chair of United Nations Development Group Asia Pacific, UNDP Assistant Administrator

17:15 – 17:30            **Closing Remarks** by H.E. Dr. Thongloun SISOULITH, Deputy Prime Minister, Minister of Foreign Affairs of the Lao PDR

19:00                      **Dinner Reception** (with Lao Cultural Performance and Entertainment) hosted by the Deputy Prime Minister, Minister of Foreign Affairs of the Lao PDR, at LAO-ITECC

**Day 2 - 21 October 2010 (Thursday)**

***Key Recommendations and the Way Forward***

08:00 – 09:00            Heads of Delegations pay a **courtesy visit to H.E. Mr. Choummaly SAYASONE**, President of the Lao People’s Democratic Republic

**The High Level Round Table Meeting 2010 officially closes**

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**Field Trip**

09:30                    **Departure for Field Trip to Champasack province**

## **Annex 2:**

### Opening Remarks

by H.E. Mr. Bouasone Bouphavanh, Prime Minister of the  
Lao PDR

**Opening Remarks**  
**By**  
**His Excellency Mr. Bouasone Bouphavanh**  
**Prime Minister of the Lao PDR**

**The High Level Round Table Meeting 2010**  
**Don Chan Palace Hotel, Vientiane**  
**20 October 2009**

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**Your Excellency Madame Helen Clark,**

**Excellencies,**

**Distinguished Guests,**

**Ladies and Gentlemen,**

On behalf of the Government of the Lao PDR, I would like to extend my warm welcome to all distinguished guests, especially to Her Excellency Madame Helen Clark, Chair of the UN Development Group and UNDP Administrator for attaching great importance to and for honoring us with her participation at this High Level Round Table Meeting 2010 being held today in the capital of Vientiane.

I would also like to commend and express my sincere appreciations to UNDP as well as to all UN agencies and Development Partners for their strong support and close cooperation extended to the concerned sectors of the Lao PDR Government in preparing and organizing this meeting.

This High Level RTM 2010 is being convened at a time when the external environment and internal development climate have undergone dynamic changes providing both enabling conditions and challenges we should overcome (as follows):

1. The global financial and economic crisis has just ended and many countries have been able to address its negative impacts. In the same vein, lessons learnt have been drawn and future development path has been revitalized aiming towards a more sustainable direction. Although the global economy is gradually recovering its state of affairs is far from being secured. While many countries have given greater attention to economic restructuring and revitalizing the existing mechanism for managing global financial system so as to create enabling environment for enhancing economic cooperation, international trade and investment. In addition, we must intensify our efforts to environmental protection and addressing the impacts caused by climate change, natural disasters and pandemic diseases, all of which constituting major threats on human security.
2. As for Lao PDR, the implementation of the 6<sup>th</sup> five-year National Socio-Economic Development Plan (2006-2010) has achieved laudable outcomes as indicated by an annual GDP growth rate of above 7%; the overall macro-economic environment has been stable; poverty ratio among the people has declined from 33.5% in 2005 to 26% in 2010; progress has also been made in the areas of education, health and human resource development, all of which have made the country on track to attain MDGs. Moreover,



governance and public administration reform and socio-economic management have also shown a positive trend including increasing sense of ownership among the people. All the above-mentioned achievements are the results of the strong determination of all the Lao people combined with the pursuit of the right policy on promotion of equality and greater role of all economic forces in the national development path. Likewise, such accomplishment would not have been possible without the continued financial and technical supports from all friendly countries, international organizations and development partners. On this note, on behalf of the Lao Government and people, I would like to take this opportunity to extend my deep gratitude and sincere thanks for all the supports which have been extended to us.

3. Despite the said progress, the Lao PDR remains a least developed country where 26% of its total population still live under poverty line, most of whom earn less than 2 dollars a day. Maternal and child mortality rates remain high, child malnutrition persists and social security scheme has not met the demand, all of which need to be further addressed. The national economic growth is mainly associated with natural resource-based sector while the share of value-added production and diversified service sectors in the national economy has not reached the high ground. Moreover, people's livelihood remain largely dependent on natural resources posing major threat for depleting forests and environment degradation, the issues remain high on our development agenda. In addition, a sound national financial status has not yet been guaranteed in order to ensure the full and effective implementation of key development projects and tackle the impacts caused by the global financial crisis, natural disasters and pandemic diseases. Likewise, institutional and human resource capacity has not met its development need so as to support regional and international economic integration. All the facts stated above further indicate the need to intensify our efforts to address the said daunting challenges. The Government is fully aware that unless these challenges are properly addressed, the national development path will not be directed towards a more sustainable direction.
4. Against this backdrop, it is my firm believe that, at this important gathering the development partners and the Government's concerned sectors are encouraged to echo and reaffirm our shared commitment and continued support in order for the Lao PDR to achieve sustained and durable development outcomes so as to attain the MDGs by 2015, forming a solid ground for exiting the LDC status by 2020. Indeed, this is in conformity with the outcome of MDG Summit recently held in September 2010, which President Choummaly Xayasone of the Lao PDR also attended.
5. As for the next five-years (2011-2015), some ambitious targets have been set namely:
  - Attaining an annual economic growth rate of 8%; maintain macro-economic stability and ensure sustainable development.
  - Focusing on rural development and reduce poverty to 15% of the total population as well as attaining the MDGs by 2015.
  - Continuing governance and public administration reform, strengthening institutional and human resource capacity; ensuring security and social order.
  - Enhancing sub-regional, regional (ASEAN) and international integration with strong sense of ownership.

On the whole, the afore-said 4 main objectives of 7<sup>th</sup> NSEDP for 2011-2015 emphasize on addressing the most fundamental development needs of the country which are to eradicate poverty and graduate from the LDC status.

In order to achieve the said key targets, substantial amount of financial resources are required for implementing all the projects planned for the next five years. Therefore, it is crucial for the Lao PDR to mobilize support and assistance from all friendly countries, international organizations, our indispensable partners in development. On the other hand, the Government has developed a policy aiming at promoting greater involvement of both domestic and foreign private sectors, mobilizing wider support from all social sectors with a view to exploring and utilizing all forces available to compliment our national development efforts.

We are aware that making sufficient fund available to finance priority projects is critical. Nevertheless, it is also utmost important to ensure that financial means are properly managed and utilized in the most effective manner so as to guarantee sustainability of the development projects. In this connection, it is vital for the Government and its development partners to enhance closer and more collaborative consultations starting from the early stage of project design throughout project implementation and completion. I strongly hope that the meeting will conduct an in-depth discussion in this important aspect.

For the coming years, in parallel with fostering economic growth, stronger emphasis will be given to the social sector through education system reform aiming at enhancing greater access and improving quality of education. Likewise, we must ensure sufficient number of qualified and well-trained teachers. In addition, we must attach greater importance to providing wider coverage and improving quality of health care services with particular attention given to mother and child health and addressing the problem of malnutrition. Moreover, we should also give particular attention to fighting against and control of narcotic drugs, enhancing capacity for UXO clearance, disaster management and pandemic diseases prevention. We must play an active role together with the international community in protecting the environment, addressing the problems of global warming and climate change.

It is my great pleasure to learn that during this Roundtable Meeting the Government and its development partners will endorse and sign the MDG Compact with a view to reaffirming our joint commitment to support the Lao PDR achieving the MDGs with the inclusion of the new MDG 9 on reduction of the UXO impact with a target to substantially clear the UXO from agricultural land by 2020.

In this context, I would like to commend and thank all the development partners for reaffirming your commitment to support the Lao PDR in implementing of 7<sup>th</sup> five-year National Socio-Economic Development Plan (2011-2015) and attaining the MDGs.

On behalf of the Lao Government, I would like to reiterate our firm commitment in extending full cooperation and enhance greater national ownership in implementing the cooperation projects in view of ensuring that Official Development Assistance will be utilized in a transparent, effective and sustainable manner.

In the spirit of long-lasting friendship and good cooperation between the Lao PDR and all friendly countries and international organizations as partners in development, it is my firm belief that this Roundtable Meeting will be conducted in a very constructive manner and crowned with success.

May I take this opportunity to wish Madame Helen Clark and all distinguished participants, ladies and gentlemen a very good health, happiness and prosperity.

I now declare the Roundtable Meeting officially opened.

Thank you.

### **Annex 3:**

Keynote Address by H.E. Ms. Helen Clark,  
Chair of the UN Development Group and UNDP  
Administrator

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**The High Level Round Table Meeting 2010**  
**Vientiane, Lao PDR**  
**20 October 2010**  
**Keynote Address**  
**by**  
**Helen Clark**  
**Chair of the UN Development Group &**  
**UNDP Administrator**

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**Your Excellency Prime Minister Bouasone Bouphavanh,**

**Your Excellency Deputy Prime Minister Thongloun Sisoulith,**

**Excellencies, Distinguished Participants, Ladies and Gentlemen,**

I am delighted to be back in Laos. While this is my third visit to your beautiful country, it is my first as UNDP Administrator and Chair of the UN Development Group.

I am deeply grateful for the warm reception and generous hospitality shown to me by the Government and the people of Lao PDR

I thank His Excellency, Prime Minister Bouasone for inviting me to address your Round Table Meeting today. It is a tremendous privilege to be able to do so.

MDG Summit: Call to Action

At last month's Millennium Development Goals Summit in New York, Heads of State and Government renewed their commitment to achieving the MDGs by 2015.

It is fitting that my first visit to a programme country since the Summit is to Laos which is committed to meeting all the Goals, and ensuring that the marginalized and impoverished also benefit from development progress.

To turn this aspiration into action, Laos has become one of the first countries to integrate the MDGs fully into its new National Socio-Economic Development Plan. It has also been a pioneer in applying the MDG Acceleration Framework to identify obstacles which prevent progress on the Goals – and the solutions which can overcome them. Laos has been innovative in creating a National MDG Compact, and its own MDG 9 aimed at tackling the burden of unexploded ordnances which impede development and is so destructive of life and limb.

The National MDG Compact gives Laos a head start in heeding the call world leaders made at last month's Summit - to accelerate MDG progress to meet the 2015 targets.

I am pleased to learn that there is a strong convergence between the Government of Laos and its development partners at this Round Table, and hope that this will spur action on the MDG Compact, the MDG Acceleration Framework, and the 7th National Development Plan to give Laos good prospects for meeting the MDGs.

I was especially grateful, that his Excellency, President Choummaly Sayasone, of the Lao PDR was able to join me, President Calderon of Colombia, and the UN Secretary General at a special event at the MDG Summit in New York where we discussed the importance of applying evidence based approaches to meeting the MDGs.

UNDP completed an International Assessment of what it will take to reach the MDGs, based on analysis of up to date national MDG progress reports from more than 50 country studies, including Laos. It shows that there is a range of tried and tested policies which, adapted to national contexts, will ensure MDG progress, where there is the leadership, capacity, and funding to implement them.

Although there is no “one size fits all” approach to achieving the MDGs, there are basic parameters within which success occurs. The MDG Summit outcome document, adopted by consensus last month, identifies a number of them. For example:

- The critical importance of gender equality as a driver of progress across the MDGs. This is of intrinsic importance, as well as having multiplier effects across the Goals. Educated and empowered women are able to make an even higher contribution to their families and countries, and their children’s health and education attainment is lifted too. The MDG Summit’s Outcome Document formally notes that “investing in women and girls has a multiplier effect on productivity, efficiency and sustained economic growth”.
- The role of social protection and social equity in sustaining development progress. It is particularly important, in the aftermath of multiple crises impacting on development, that UN member states have agreed that investing in social protection is critical for building countries’ resilience to cope with present and future shocks.

The truth is that while many nations have made tremendous MDG progress, a lack of resilience can see it quickly reversed. Economic slowdown, conflict and violence, volatility in food and fuel prices, and, increasingly, climate change and extreme weather can unravel hard won development gains and set development back by decades. Inevitably, it is the poorest and unprotected who are hardest hit by such events and phenomena– which they generally have had no part in making. Where those shocks lead to children being taken out of school, and having less food, the impact is long lasting.

Even with these sober realities firmly in mind, however, I am confident that with strong and progressive leadership, the co-ordinated and dependable support of development partners, and the engagement of its citizens, Laos can realize the objectives of its 7th National Plan and, in so doing, achieve the MDGs by 2015.

The 7th National Socio Economic Development Plan (2010-2015):  
Growth with Equity

Laos has experienced many remarkable advances in recent years. Real GDP growth averaged more than seven per cent per annum in 2006 and 2007 and continues to be strong, despite the global economic slowdown.

The latest figures show Laos on course to halve the proportion of its people living in extreme poverty by 2015. Indeed the declines have been dramatic and impressive: from 46 per cent of the population in 1992 to under 26 per cent in 2010. Access to safe drinking water has expanded, infant and child mortality rates are declining, and many other education and health

indicators - including primary school enrolment and literacy rates - have improved significantly.

Notable too is the deepening integration of Laos into ASEAN and AFTA, and the progress made towards WTO accession. Continued macro-economic stability, despite the global financial crisis of 2008/2009, is an important pre-requisite for future sustained growth and achievement of the MDGs.

In other key areas significant challenges remain. From a review of Laos' 7th National Plan, it is evident that the government and its partners are clearly focused on the task ahead. I congratulate the government for producing a robust and sensible Plan which builds on past accomplishments, addresses the major challenges, and sets ambitious targets - which require the support of partners.

The overarching challenge, as highlighted within the Plan, will be to sustain current high levels of economic growth, but to take steps to make that growth more inclusive and environmentally sustainable. Through our experience in the UN development system, we understand that this will require measures to help greater numbers of people participate productively in the economy - including women, and the traditionally marginalized, as well as to distribute the benefits of growth more broadly through more efficient and effective services which can reach those living in the most remote areas.

A particularly important challenge of the 7th Plan will be to support its implementation by further developing a supportive policy and strengthened institutional environment. Sufficient budgetary resources will need to be directed towards achieving those MDGs which are currently at risk or 'offtrack'.

They include those covering child malnutrition, maternal mortality, gender equity, and the environment and climate change. Special attention will also be needed to help the poorest of the poor, in light of recent data indicating an increase in child malnutrition rates in some parts of the country.

In short, for the MDGs to be realized in Laos by 2015, more attention will need to be given to human development, the social sectors, and environmental sustainability. Increased investment in social sectors and the MDGs is not only good social policy, but also very smart economic policy, since it increases the ability of the labour force in both urban and rural areas to contribute to inclusive growth.

In the economy, more balanced investment is required across the resource and non-resources sectors in rural and urban areas, and the agricultural, industrial, and service sectors. That will help build long term employment and higher skills levels in the workforce, and lay solid economic foundations for the future. A more diversified economy will also help Laos avoid 'a resource curse' and instead achieve a resource blessing for its people.

The key factor of production in Laos, its land, remains fundamental to the well being of most people and families, as it provides the main source of food, incomes, livelihoods, and family security. I was pleased to learn that during the recent meeting on land policy, there was consensus among government and development partners that the too rapid and uncoordinated growth of land concessions for non-food plantations, hydro dams, and mining concessions could threaten the livelihoods of small farm holders as well as the nation's food security. The same meeting also agreed that land titling, especially in rural areas, needed to be accelerated to safeguard the well-being of Lao families. In this context, the United Nations congratulates

Lao PDR for including in the new Plan a commitment to issue one million new land titles over the next five years, especially to families in rural areas. This will undoubtedly help better safeguard the well-being of Lao people, especially in rural areas, and further deepen socio-economic growth and stability.

### Implementing the 7th Plan

A plan is only as good as its implementation. In that respect, what stakeholders decide at this Round Table today will be critical. UNDP's experience, as captured in our recently published International Assessment, suggests that the following elements will be critical in achieving the Plan's objectives:

The first is strong national ownership of development strategy, backed by leadership with vision and responsiveness to community aspirations.

The further development of the National Assembly and civil society in Laos can play a valuable role in complementing the Government's efforts to achieve development results, and help it maintain its focus on equity, inclusion and environmental sustainability.

The second element critical for implementation is capacity

Strong public institutions combined with a dynamic enterprise sector will enable Laos to benefit from further integration into the regional and global economy, and to sustain economic growth. Investing in human capacity, infrastructure, and strong and capable governance institutions will help Laos attract the kind of investment envisaged in the Plan as well as to pursue new kinds of development partnerships and finance – including climate finance.

This brings us to the third critical element: funding.

The new Plan provides Government and development partners with a comprehensive framework for the mobilization and coordination of development resources for Lao PDR.

Financing the Plan to secure the development results is expected to come from three sources:

- Domestic revenues;
- FDI and other private sector investment, and
- ODA and other development finance.

Out of these three, Government has the greatest control over domestic revenue raising. Ensuring that its domestic revenue targets are met and that they cover an increasing proportion of budgetary expenditures are vital goals.

Reinvesting revenue directly into programmes of health, education, social protection, and agriculture and rural sector development, will ensure a return on those investments in human development and MDG terms - especially where emphasis is placed on public services which reach the rural communities.

On the second source of financing, the private sector can be an engine for more inclusive growth, if supported by the right policies. The bulk of the financing required to implement the 7th Plan is intended to come from foreign direct investment (FDI). Laos' rich natural resources have already become a magnet for large and growing inflows of FDI from countries in the region and beyond. FDI has buoyed domestic revenues, promoted modernization, and

contributed towards the impressive achievements which have put Laos on track to meet many of its MDG targets.

But for the 7th National Plan now to focus on growth with equity and environmental sustainability, attracting high quantities of FDI alone will not be sufficient. High quality FDI is needed now, to create jobs and incomes for the Lao people, and to transfer valuable skills and technology to Lao workers and businesses. High quality FDI must also help safeguard and enhance the country's valuable environment assets, and add meaningful net revenues to the Government budget so that it can fund higher levels of human development.

In contrast, as we are all well aware, low quality FDI can have the opposite effect by destabilizing livelihoods, employing mostly low-skilled labour, and irreversibly damaging the environment - thereby limiting progress toward the MDGs and overall development in Lao PDR. The Government and Development Partners can work closely together to encourage high quality FDI.

The final component of financing for the 7th NSEDP is support from donors. Sustained development partner co-operation is needed in Laos, which is why their participation at this Round Table meeting is so critical.

ODA at this moment in Laos' development fills the gap which exists between the impact of Government and private sector efforts and realizing the national development objectives of Laos. ODA can be catalytic in investing in the capacity, people, and institutions which will enable development financing overall to be used effectively, and leverage real gains for human development.

Here in Laos, despite impressive economic growth and poverty reduction, critical MDG targets still need a good deal of support. Progress overall needs to be more widely based to reach the most vulnerable and poorest populations. I urge all development partners to stay the course in Laos until the country is more assuredly on the path to ascending from its current LDC status and achieving the MDG targets.

So let me conclude:

Laos is committed to growth. It needs high, equitable, and environmentally sustainable growth. The MDGs are at the heart of the 7th Plan. Laos has developed the first dedicated MDG Compact to exist at the national level, and there is a robust partnership between the Government and the development partners here. There is the 7th National Plan to implement. Laos is in a strong position to succeed. I encourage all development partners to put their full support behind its efforts and the 7th National Plan to give it the best possible chance to do so.

Thank you.



## **Annex 4:**


Presentation and statement on the draft 7<sup>th</sup> five-year National  
Socio-Economic Development Plan (NSED 2011-2015)  
by H.E. Dr. Sinlavong Khoutphaythoune,  
Minister of Planning and Investment



LAO PEOPLE'S DEMOCRATIC REPUBLIC  
 Peace Independence Democracy Unity Prosperity


**7<sup>th</sup> Socio Economic Development Plan of  
 Lao PDR 2011-2015**

H.E. Dr. Sinlavong KHOUTPHAITHOUN  
 Minister, Ministry of Planning and Investment  
 Round Table Meeting, Oct. 20-21, 2010




**Structure of the Presentation**

- Part I: Overview of Achievements of the 6<sup>th</sup> Five-Year National Socio-Economic Development Plan (2006-2010)
- Part II:
  - Main directions, targets and priorities of the 7<sup>th</sup> Five-Year National Socio-Economic Development Plan (2011-2015) and Implementation Measures
  - MDG Implementation



**Achievements of the 6<sup>th</sup> NSEDP  
 Stable Macroeconomic Growth**

- Average GDP Growth: 7.9% per year
- Inflation rate has decreased steadily, averaging 5.15%
- Total Investment: 24,747 billion Kip
- Budget Revenue: 16.5% of GDP and public expenditure 21.2% of GDP
- Budget deficit: 4.7% of GDP
- Trade deficit 5.3% GDP
- Foreign Reserves covers 6 months of imports



**Achievements of the 6<sup>th</sup> NSEDP  
 Poverty & Income**

Poverty rate


Year	Poverty rate (%)
1990	48
1992	46
1996	39
2002	33.5
2005	26.7
2010 (E1)	26

GDP per capita

Year	GDP per capita (USD)
2005-06	534
2007-08	834
2009-10	986

**Poverty has reduced:**  
 from 48% to about 26%

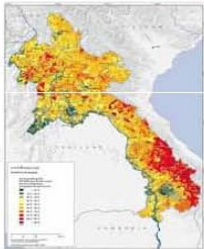
**GDP per capita increased:**  
 573 US\$ in 2005/06 to 986 US\$ in 2009/10



**Achievements of the 6<sup>th</sup> NSEDP  
 Poverty & Inequality**


**Regional disparities** between North, Central and South,

- High level of poverty in South East border regions (mountainous areas and heavily contaminated with UXOs/mines)
- Western border regions along the Mekong have low levels of poverty (better infrastructure, trade opportunities, access to arable land)




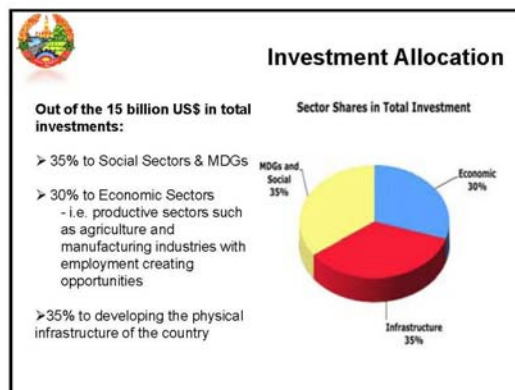
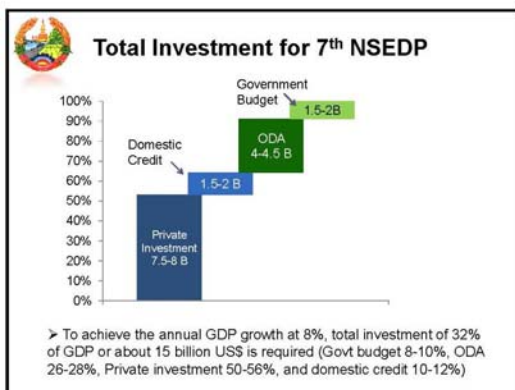
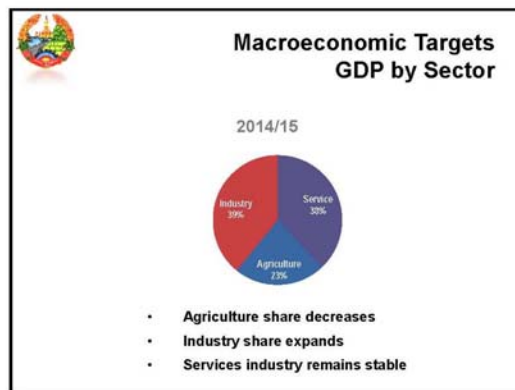
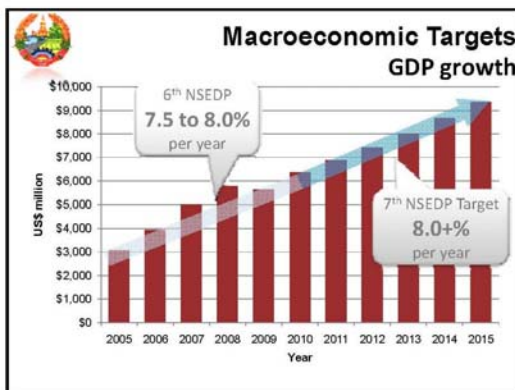

**Achievements, Challenges and Lessons Learnt**

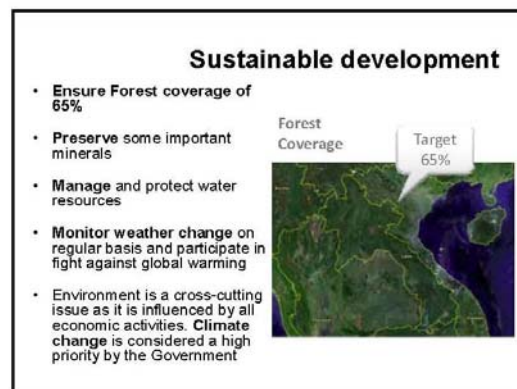
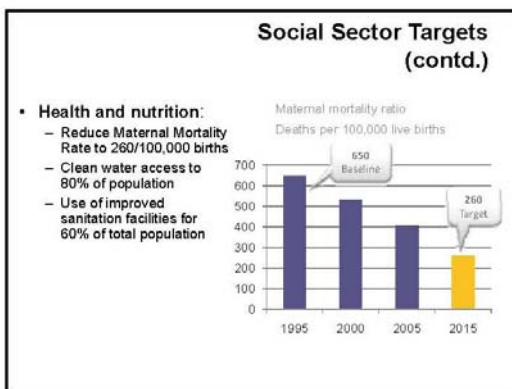
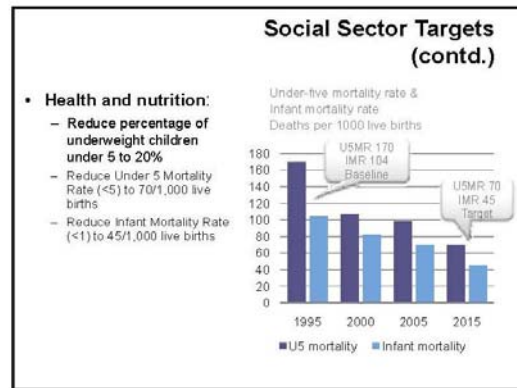
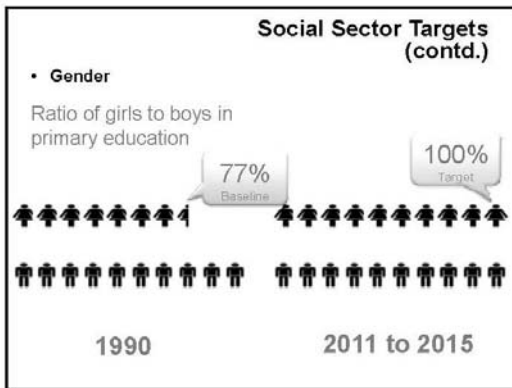
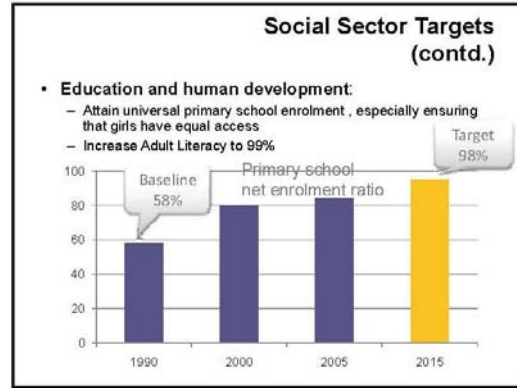
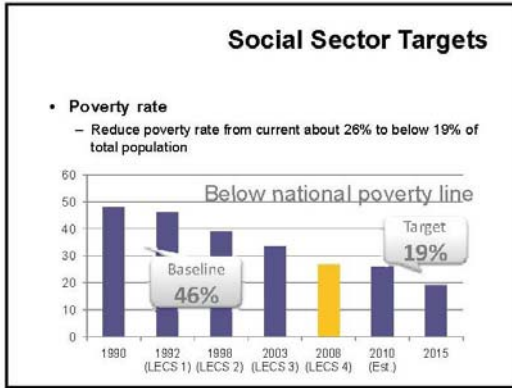
- Reasons for achievement**
  - Policy stability and timely and continuous international assistance
  - Improved governance
- Challenges:**
  - Global crisis, natural disasters, limited human capacity in government
  - Poverty, inequality, limited focal investments, labour balances not matched
  - Human capital formation, international assistance for infrastructure development and MDGs
- Lessons learned:**
  - Plan implementation has been effective and is matched with the development needs of the country
  - The support from development partners is of great importance and should continue



## 7<sup>th</sup> NSEDP (2011-2015) Goals and Targets


- 
- ### Overall Directions of the 7<sup>th</sup> NSEDP
1. Develop all aspects of national economy to build a strong base for sustained economic growth
  2. Make rapid changes towards rural development and promote focal development areas for poverty eradication
  3. Social, cultural and economic development, and environmental protection must reinforce each other
  4. Increase enforcement and effectiveness of public administration
  5. Ensure national defence and security across the country
  6. Increase cooperation with friendly countries at regional and global levels and raise competitiveness
  7. Implement industrialisation and modernisation strategies in a progressive way
- 8






### Sustainable development

- Development by regions (north, central and south)
- Geographical development (mountainous and remote areas, flat areas and areas along the borders)
- Urban development
- Village and targeted area development
- Special economic zone development



The map shows the Lao PDR with various regions highlighted in green and pink. A callout box labeled 'New roads and bridges' points to a specific area in the south. Neighboring countries are labeled: China, Myanmar, Vietnam, Thailand, and Cambodia.



comprehensive  
monitoring of NSED

Monitoring and Evaluation Framework:

- > Measure inputs and outputs
- > Measure outcomes and impacts
- > Standardise definitions of different variables, coverage, and sampling

M&E will be conducted on an annual basis in addition to conducting detailed surveys periodically

### Thank you



A close-up photograph of two hands shaking in a firm grip, symbolizing agreement or partnership.

**The High Level Round Table Meeting 2010**  
20<sup>th</sup> of October 2010  
Don Chan Palace, Vientiane, Lao PDR

**Statement of the Chair of the Macro-Economic Issues and Private Sector Development  
Sector Working Group**

**Delivered by:**  
**H.E. Dr. Sinlavong Khoutphaythoune**  
**Minister of Planning and Investment**

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**Excellency, Deputy Prime Minister, Minister of Foreign Affairs, Chairperson;**

**Excellency, Dr. Ajay Chhibber, Chair of the UN Development Group Asia Pacific,  
UNDP Assistant Administrator, Co-chairperson;**

**Excellencies, Ministers from line ministries, representatives from various embassies,  
representatives from international organisations, ladies and gentlemen,**

On behalf of the Government of Lao PDR, may I report to the Tenth Round Table Meeting, the key achievements of the Sixth Five-year National Socio-economic Development Plan and the approach to the Draft of the Seventh Five-year National Socio-economic Development Plan, along with the funding requirements. My presentation will be as:

[1]. Implementation of the 6<sup>th</sup> National Socio-Economic Development Plan (2006-2010)

[2]. Draft of the 7<sup>th</sup> National Socio-Economic Development Plan (2011-2015), mega projects and estimated costs

[3]. Plan to achieve MDGs and estimated demand for ODA

(I will report briefly; hence, I request you to refer to the distributed handouts and the abridged version of the 7<sup>th</sup> Plan)

**I. Implementation of the 6<sup>th</sup> National Socio-Economic Development Plan (2006-2010)**

**A. Key achievements:**

The implementation of the Six Five-year Plan (2006-2010) was carried out under an enabling environment in the one hand, and adverse challenges global, regional and internal challenges, on the other. However, due to correct policies followed; able leadership of the Party, the government, the National Assembly, and the Party Committees at local level; willing participation of the people and business entities; and generous support from the Development Partners; the 6<sup>th</sup> Five-year Plan has been successful:

1. The national economic growth improved: Average GDP grew annually at 7.9%, which amounted to 219,795 billion Kip (for 5-yrs); and the structure of the GDP has accordingly shifted towards achieving industrialisation and a market-economy. In the Agricultural Sector, the average annual growth stood at 4.1%, with a 30.4% share in the GDP; Industry grew at 12.5% with 26% share; and Services grew at 8.4% with 37.2% share. The rest was accounted

for by indirect taxes. In addition, there are some important developments, as follows:

- a. Total investment in the last five years has been valued at 62,000 billion Kip, which is double the Fifth Plan.
- b. The annual (average) paddy (rice) production was 2.9 million tonnes, corn was 760,000 tonnes, and sugarcane was 703,000 tonnes
- c. The total value of manufacturing production rose at an average rate of 9.4% per year. There are 24,331 business units in the processing industry, accounting for 19.2% of all businesses.
- d. Currently there are 12 dams with a capacity exceeding one Megawatt each, and another two smaller dams. If power generation of these are added, the combined national capacity to generate power is at 1,868.72 Megawatts. This is 97% of the plan target.
- e. The production of gold bars was 38.01 tonnes (the plan target for 2010 is 13 tonnes); copper plates 321,487 tonnes; and copper dust 585,607 tonnes
- f. Roads have expanded by 4.6% per year, averaging around 1,824 Km per year.
- g. The number of tourists coming to Lao PDR totalled 8.79 million - 1.76 million per year - and saw an average annual increase of 15.8%.

## 2. Macro achievements

The economy remained stable despite the global financial crisis and the impacts of two natural disasters. The exchange rate, inflation and GDP growth stayed stable; the National Revenue achieved was 36,876.75 billion Kip, amounting to 16.5% of the GDP, and Expenditure was 46,980.91 billion Kip, amounting to 21.2% of the GDP. There was budget deficit, though it has improved over the last plan. Exports amounted to 5.11 billion USD while imports, to 6.49 billion USD. The trade deficit amounted to 1.38 billion USD, forming 5.3% of the GDP.

## 3. Social and cultural sectors

On aggregate, the proportion of people living below the poverty line has progressively reduced. The poverty headcount ratio decreased from 33.5% of the population in 2002-03 to an estimated 26% in 2009-10. People's livelihood has increased: GDP per capita has reached USD 986 (2010), up from USD 491 (2005). Education, culture, and social welfare have also looked up. Literacy and health services have shown improvement in both quantity and quality (life expectancy was 63 years, social welfare has expanded to cover both public and private sectors, etc.)

## 4. International cooperation:

There is improved in trade integration at both international and regional levels. The openness index increased from 65% in 2005 to 83% in 2009; and cooperation has been extended with a wide range of friendly countries and groups, including ASEAN, AFTA, CLV, ACMEC, other international organisations and development partners.

5. National defence and security and safety have improved in accordance with the central direction. Equality and justice have been promoted, and political stability has been maintained, together with national security and social order.

❖ **Reasons for achievements:**

- A correct approach and uninterrupted funding, including from grants and loans for 2,251 projects, amounting to USD 2,443 million, or averaging of 488 million USD per year (ODA). In this, USD 1,404 million is a grant.
- Political stability, national security and social order: The government approved 1,206 investment projects (both private and foreign direct investment), amounting to 10.5 billion USD, of which USD 1.93 billion were from domestic investment sources.
- Continuous support from friendly countries and international organisations; and contribution from the people to buttress development process.

**B. Outstanding issues and reasons**

❖ **Outstanding issues**

- 1) Poverty has considerably reduced, but inequality persists: between urban and rural areas, and between different regions, provinces and districts. Also, the industry sector has employed workers at a slower rate compared to the service sector
- 2) Implementation on some projects has lacked in efficiency.
- 3) Economy remains highly reliant on natural resources on the one hand, and ODA on the other.
- 4) There is labour imbalance between different regions.

❖ **Reasons for outstanding issues:**

1. Some projects have been pending due to scarce funds
2. Management in some sectors was still weak
3. Adverse impacts from global financial crisis and 2 natural disasters

**C. Lessons Learnt: (Since the details of lessons learnt have been discussed in the full version of NSEDP VII, I would like to point out only key lessons learnt as follows)**

1. Given the limited funding, to achieve the plan targets it is essential to prioritise projects.
2. Domestic human and finance capacities are essential to build and maintain programmes.
3. The development targets would not have been reached without continuous support from the Development Partners and friendly countries. Therefore, to achieve the long term goal of graduating the country out of the LDC status (by 2020) and achieve MDGs, the country requires generous assistance from the DPs.



## **II. Draft of the Seventh Five-year National Socio-economic Development Plan (2011-2015)**

### **1) Characteristics of the Seventh NSEDP (2011-2015)**

- Budget Law and Public Investment Law state that NSEDP is the main instrument, providing directions and goals for national socio-economic development. The Seventh NSEDP is based on the resolution of IX forthcoming Party Congress, and the Socio-Economic Development Strategy for 2020.
- The Seventh Five Year Plan is an ambitious plan, which entails:
  - Achieving rapid economic growth,
  - Building comprehensive basic infrastructure,
  - Reaching MDG targets,
  - Overcoming financial difficulties and building a new revenue base,
  - Integrating internationally,
  - Improving governance, efficiency, and transparency

### **2) Main objectives of the Seventh NSEDP**

- (1). Ensure continuation of the national economic growth with security, peace and stability, and ascertain GDP growth rate of at least 8% annually (so that GDP per capita reaches at least USD 1,700 in 2015)
- (2). Achieve Millennium Development Goals and poverty eradication by 2015, adopt appropriate technology and skills, and create favourable conditions for graduating the country from its LDC by 2020.
- (3). Ensure sustainability of development by emphasising economic development to dovetail with cultural and social progress, preserving natural resources, and protecting the environment.
- (4). Maintain political stability, peace and order society.

### **3) Main directions of the Seventh NSEDP**

- [1]. Develop all aspects of national economy, to build a strong base for sustained economic growth. Centre-stage creation of production capacity; improve the production capacity of sectors still lagging behind; adjust the economic structure and labour structure for them to be in conjunction with achieving industrialisation and modernisation; strengthen capacity of the workers and all economic sectors; implement the market-economy mechanism; promote SMEs; and provide boost to people's participatory planning
- [2]. Make dynamic changes towards rural development and promote focal development areas for poverty eradication. Reduce inequality between urban and rural areas, and between and within different regions, provinces and districts
- [3]. Ensure that justice is for all in the society; develop the economic and socio-cultural sectors alongside; improve people's livelihoods, both physically and mentally, through educational reforms and human resource development; build capacity among officers and workers to serve promote socio-

development, national defence, and internal security; improve capacity of officers in the water and sanitation sector; preserve national culture to maintain the national fabric, and organise cultural exchanges at international levels; and finally ensure that social welfare schemes cover the basic needs of the population

- [4]. Increase enforcement and effectiveness of public administration from the central level to the grassroots, in accordance with the laws. Implement the direction that the central level is responsible for the macro management, and the local level is implementation agency. Ensure equality and justice in society, attempt to resolve all forms of social drawbacks and preventing corruption; reduce extravagance; and minimise the abuse of laws
- [5]. Ensure national defence and security and strengthen the armed forces through application of modern technology, in order to maintain political stability and social order. Improve mechanisms and enforce rules and regulations regarding in-migration and out-migration, and respect the rule of law. Finally, improve the management of the population.
- [6]. Increase the skills of workers for them to match with the nation's development, allocate, optimise the use, and regenerate natural resources, increase cooperation with friendly countries at the regional and global levels, provide favourable conditions for socio-economic development, increase the country's involvement in regional integration, and raise competitiveness at the regional and international levels (with focus on domestic and foreign investment). These directives are to ensure a strong economic growth, develop socio-economic infrastructure, and draw-up investment promotion policies for economic sectors in priority development areas, production areas, and in difficult and remote areas.
- [7]. Implement industrialisation and modernisation strategies in a progressive way, and develop focused sectors and regions wherein to have favourable conditions and positive factors, to reduce the gap between development levels with other countries in the region and at international level. Focus on large projects to achieve robust growth to be able to integrate internationally, promote all types of production units (small and medium enterprises, cooperative units and family enterprises), use new techniques and technologies, and increase production quality and efficiency.

#### **4) Key targets on macro sector in the next five years**

- (1). Key macro targets
  - a. In order to achieve GDP growth rate of at least 8%, agriculture must grow at 3.5% growth, thereby having a share of 23% in the GDP (in 2015); industry must grow at 15%, having a share of 39% in the GDP; and services must grow at 6.5%, having a share 38% share in GDP.
  - b. Total investment (includes public and private) is aimed at about 32% of GDP or 127 billion Kip through the five years

- c. Revenue (includes grants) is expected to achieve 19-21% of GDP, ensuring that the annual budget deficit does not exceed 3-5% of the GDP annually
- d. Inflation must remain lower than GDP growth rate, maintain the Kip exchange rate fluctuation at no more than 5% per year against major currencies
- e. Import-export: The export value approximately increases by about 18% and import by about 8% per year.
- f. Labour: Up until 2015, the share of labour in agriculture is expected to reduce to 70% from 75% (in 2005); its share in industry is about 7%, up from 4.8% (2005); and its share in services is about 23%, from 16.7% (2005).

(2). Socio-culture targets

- g. Life expectancy: 67 yrs (male: 66; female: 68)
- h. Increase net primary school attendance rate to 98% in 2015; increase proportion of pupils starting grade 1 who reach grade 5 students to 95%; and literacy rate to reach 99% in age cohort 15-24 yrs.
- i. Decrease prevalence of underweight in children under age 5 to 20%, and stunting among children under age 5 to 34%
- j. Nutrition: Expand nutrition, especially for children and mothers, through multi-sectoral approaches
- k. Reduce poverty ratio to below 19% of total population and household poverty ratio to below 11% of total households in 2015.

**5) Priorities of sectoral development**

The specific directions and tasks of the NSEDP VII cover the following sectors:

- ❖ (1): Rural development and poverty reduction
- ❖ (2): Economic development
  - Agriculture and forestry sector
  - Industry and commerce
  - Energy-mining
  - Land Management
  - Public works and transportation
  - Post and telecommunication
  - Tourism
  - Public Finance and Banking
- ❖ (3): Social and cultural development
  - Education and Human Resource Development
  - Health and nutrition
  - Labour and social welfare
  - Information and culture

- Population policy, promotion of gender equality and women's advancement
  - Youth development
  - Sports and Gymnastics
  - Science and Technology
  - Building Solidarity Among People
  - Social drawbacks solution and solving the drug problem
- ❖ (4): Environmental protection, natural resources management and sustainable development
  - ❖ (5): Development of enterprises
  - ❖ (6): Regional and local development
  - ❖ (7): Public sector development
  - ❖ (8): Public security and national defence
  - ❖ (9): International and regional cooperation
  - ❖ (10): Industrialisation and modernisation
- 6) Some mega projects and estimated costs:  
To achieve GDP growth at 8% or above during the next five years, the total investment requirement is USD 15 billion. There are about 8,000 proposed Public Investment Projects (in all sectors and provinces), of which more than 240 are mega projects, which can be grouped into 21 broad sectors (amounting to 142,691 billion Kip in investment – see end of this text).
- Investment from the state budget into Public Investment Programmes is targeted to constitute 8-10% of total investments, or equivalent to 10-12 trillion Kip (US\$ 1,200-1,400 million)
  - Official Development Assistance (ODA) is expected to constitute 26-28% of the total investments, equal to 33-35 trillion Kip (US\$ 3,800-4,200 million) over the five years or about US\$ 776 million annually. Up to now, the DPs have confirmed their commitment to help the country.
  - Private Domestic and Foreign Direct Investment is expected to constitute 50-56% of the total investment, or equivalent to 64-70 trillion Kip (US\$ 7,400-8,300 million, or US\$ 1,700 million annually).
  - Bank Credit and Communities' Investments are expected to constitute 10-12% of the total investments, or equivalent to 13-15 trillion Kip (about US\$ 1,500-1,800 million). The credit amount is aimed at an average 3,000 billion Kip per annum.

### **III. Implementation of MDGs (There are 8 MDGs and a newly designated MDG 9, 23 targets, 60 indicators and 218 interventions, set before the country)**

- As you all know, the United Nations has set up MDGs since 2000, and Lao PDR as one of the LDCs which has committed to implement those goals. Therefore, MDGs is one of the four main objectives of the 7<sup>th</sup> NSEDP. Additionally, Lao PDR was selected to share the 'lessons learnt and best practices' in attaining MDGs at the country level, at the MDGs Summit of


2010 held in New York. The delegation is led by H.E Choummaly Sayasone, the President of Lao PDR.

- There are more than 200 interventions. They are estimated to cost about USD 6.3 billion, of which over 4 billion are expected from ODA. The list of current MDGs are as follows:
  - MDG1: Halve the proportion of people under the poverty line, reduce malnutrition population and unemployment
  - MDG 2: Ensure that, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling
  - MDG 3: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education, esp. secondary schools
  - MDG 4: Reduce by 2/3, mortality rate among children under five
  - MGD 5: Reduce by 3/4 the maternal mortality ratio, and achieve universal access to reproductive health
  - MDG 6: Halt and begin to reverse the spread of HIV/AIDS, incidence of malaria and other major diseases
  - MDG 7: Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources, reduce the bio-diversity loss, and halve the proportion of people without sustainable access to safe drinking water and basic
  - MDG 8: Develop a Global Partnership for Development
  - MDG 9: Reduction of UXO impact
  
- In this meeting, on behalf of the Government of Lao PDR, I highly value your support and cooperation and would like to ask for continuous support from you. Because with the same or less amount of funding, there will be a slowdown in the development process in our country, and some targets of MDGs might not be achieved.
  
- Finally, I would like to express my gratefulness to all the DPs who help our country's development as equal partners, and I hope very much for further support to Lao PDR in achieving the development of people's livelihoods, including the ethnic people, and achieving the MDGs by 2015.

## **Annex 5:**

**Presentation and statement on Public Financial Management  
Reforms and Fiscal Measure within the 7<sup>th</sup> five-year NSEDP  
2011-2015**


**by H.E. Mr. Somdy Douangdy  
Minister of Finance**



**High Level Round Table Meeting 2010**  
*Growth with Equity*  
 20-21 October 2010, Vientiane, Lao PDR

**Overview of Public Finance Management and Fiscal Measures for NSEPD7**

H.E. Somdy Douangdy, Minister for Finance



**Overview of Presentation**

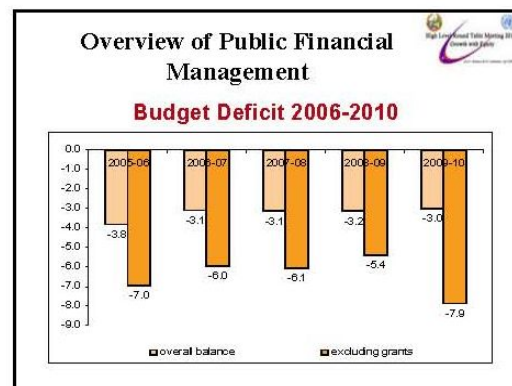
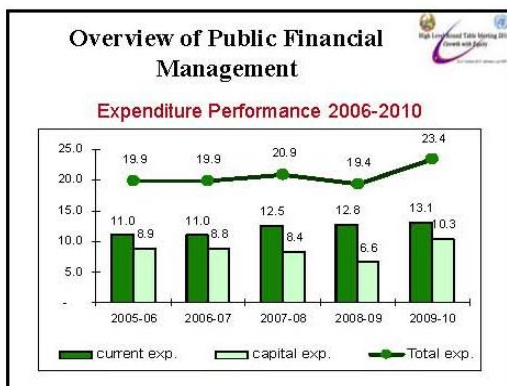
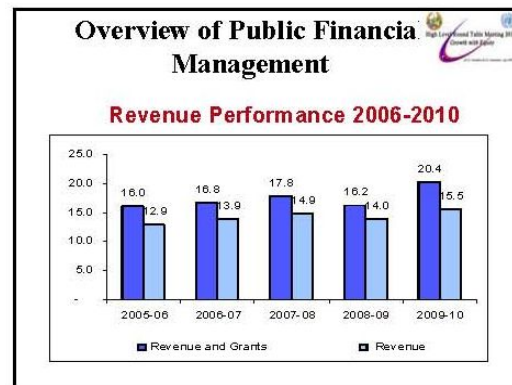
- I. Overview of Public Finance Management
- II. Fiscal Measures for the 7<sup>th</sup> Five Year NSEDP

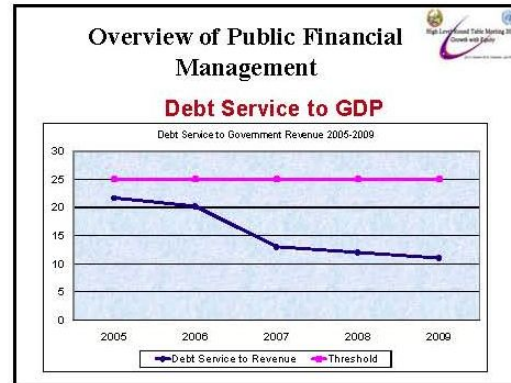
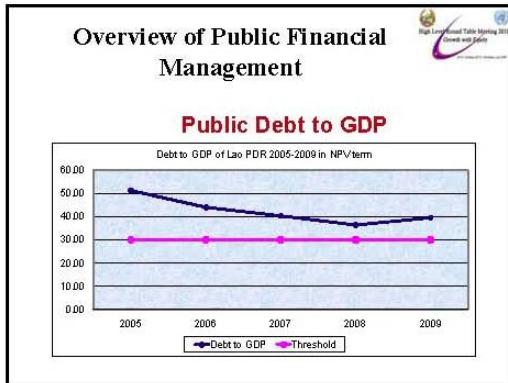


**I. Overview of Public Finance Management**

**Fiscal Performance in the 6<sup>th</sup> NSEDP:**

- Government undertook the prudent fiscal policies in 2006-2010 in line with the 6 NSEDP
- Strong fiscal performance despite the global financial crisis.
- Domestic revenue collection overall exceeded the target
- Expenditure was maintained as planned and aligned with the priority sector plan





- ### Overview of Public Financial Management
- #### Public Financial Management REFORM
- PFMS (Public Financial Management Strengthening Program)
    - Fiscal planning and budget preparation;
    - Budget execution, accounting, and financial reporting;
    - Local government financial management;
    - Financial legislation and regulatory framework;
    - Human resource and capacity development.
  - WB, ADB, EC, JAPAN, SDC, AUSAID, SIDA

- ### Overview of Public Financial Management
- #### Public Financial Management REFORM ACHIEVEMENTS
- Revision and Development of legal framework
  - Centralization of Customs, Tax and Treasury
  - Clarification of central-local relations and respective responsibilities related to revenue-sharing, and expenditure assignment
  - Improved the budget report system and timely publication of budgetary information

- ### Overview of Public Financial Management
- #### Public Financial Management REFORM ACHIEVEMENTS (Cont)
- Adopted and commenced implementation of the Treasury Single Account (TSA)
  - Modernize the revenue and expenditure administration and execution (GFIS, Tax online, ASYCUDA)
  - Strengthening debt management
  - Strengthening procurement capacity

- ### Overall Fiscal Objectives for NSEDP7
- Continue prudent fiscal policy to maintain macroeconomic stability.
  - Striving the great efforts to be financial self-reliance.
  - Improve alignment of budget to the 7th NSEDP aim to achieve the MDGs by 2015.
  - Further improvement of public financial management for greater efficiency, transparency and accountability



**Overall Fiscal Objectives for NSEDP7**

**Fiscal Target**

- **Revenue:**
  - Total revenue : 19-21% of GDP
  - Annual increase : 0.2-0.3% of GDP
  - Domestic revenue : 5-16% of GDP.
- **Expenditure:**
  - Total expenditure : 22-25% of GDP
  - Average increase : 0.2 – 0.25% of GDP.

**Overall Fiscal Objectives for NSEDP7**

**PFM Reform for 2011-2015**

- Increase efficiency of fiscal planning and budgeting.
- Improve accountability and transparency in budget execution and reporting system.
- Strengthen the capacity of provincial and district financial units in public financial management.
- Further improve the legislations and regulations in public finance.
- Capacity building for staff and institution.

**Conclusion**

- The 7th NSEDP is the last plan for achieving the MDGs
- Domestic Revenue is not sufficient for the development needs
- ODA is the important factor for the success of the implementation of the plan.

**High Level Round Table Meeting 2010**  
*Growth with Equity*

20-21 October 2010, Vientiane, Lao PDR

**Thank you for your kind attention**

**The High Level Round Table Meeting 2010**  
20<sup>th</sup> of October 2010  
Don Chan Palace, Vientiane, Lao PDR

**Statement on Public Financial Management Reforms and Fiscal Measure within the  
Seventh NSEDP 2011-2015**

**Delivered by:**  
**H.E. Mr. Somdy Douangdy**  
**Minister of Finance**

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**Excellency Dr. Thongloun Sisoulith, Deputy Prime Minister, Minister of Foreign Affairs,**

**Dr. Ajay Chhibber, Chair of the UN Development Group Asia Pacific and UNDP Assistant Administrator,**

**Excellencies, Distinguished guests, Ladies and gentlemen,**

It's my great honor on behalf of the Ministry of Finance to brief you on the fiscal stance for the Lao DDR at this important meeting, The Tenth High Level Round Table Meeting 2010. Today my presentation will cover two main areas,

First is the Overview of Public Finance Management during the implementation of the 6th National Social Economic Development Plan. The emphasis will be at the public financial management reform that the Government has taken a step forward to strengthen the management systems and capacity of the sector.

Then, I will present Fiscal Measures for the 7th 5-Year NSEDP for 2011 to 2015.

Excellencies, Distinguished guests, the government of Lao PDR has made every effort to maintain the macroeconomic stability and promote economic growth in the last five years, aimed to achieve the goal of poverty reduction and improve the wellbeing of our people.

Ministry of Finance has conducted a prudent fiscal policy, strengthen the revenue administration and collection, carefully executed the public spending to ensure alignment of overall budget performance with the priorities of the key sectors, and managed the budget deficit at the target level, so that we can be free from the pressure of high public debt.

During the 6th NSEDP implementation, the country has faced with challenges such as, the oil price crisis in 2007, the food price crisis in 2008, the global financial crisis in 2009, and with the natural disaster, the Ketsana Typhoon that hit the south of Lao PDR. These unfavorable conditions have significant impacted on our budget performance. Despite that, we have made every attempt to manage our economy to growth as planned.

Distinguished guests, with supports of all development partners during the difficult time, the Ministry of Finance has launched a comprehensive reform in order to strengthen public financial management. As a result, domestic revenue collection overall exceeded the target and Expenditure was maintained as planned and aligned with the priority sector plan.

In this regards, on behalf of the Ministry of Finance I would like to express sincere thanks to the development partners who always cooperate and actively support the development of Lao PDR, as well as enhancing public finance management in the last 5 years, in particular, the support given to the Government during the global financial crisis and Ketsana typhoon.

Let me turn to the overview of the revenue performance in last 5 years. As you can see, from 2005 to 2010, total revenue collections has been significantly increasing. Also, the total DOMESTIC revenue collection has also relatively increased. As you could see, the public revenue has significantly exceeded the plan target approved by the national Assembly in three consecutive years.

This slide shows the expenditure which has slightly increase from year to year, except for the year 2009 when the Lao economy was affected by the global financial crisis and the collapse of world commodity prices.

The increase of expenditure is consistent with the increase of revenue collection, and we have increased the recurrent expenditure, particularly to the social sector, aimed to improve the quality of our public services in the rural and remote areas.

On the capital expenditure side, the Government has to invest in the areas where it is purely public project such as infrastructures and public goods.

Reduction of the external debts pressure has been one of the main objectives of fiscal policy in the last 6th NSEDP. Therefore we have maintained the low budget deficit. As you can see, during 2005 to 2010, the government has been able to maintain budget deficit below 4%. As a result, you can see our external debt position in the next slide.

The public debt in NPV term has significantly declined from over 50% in 2005 to lower 40% in 2009

Debt service to revenue has also significantly decreased and it is always below the threshold of 25%.

Distinguished guests, in the last 5 years, the Government has launched a comprehensive reform in public financial management with a program called “PFMSP” 4I The Tenth High Level RTM 2010.

This program aims to strengthen the management systems and capacity of the Ministry of Finance and provincial finance departments.

PFMSP has focused on 5 main areas:

1. Fiscal planning and budget preparation;
2. Budget execution, accounting, and financial reporting;
3. Local government financial management;
4. Financial legislation and regulatory framework;
5. Human resource and capacity development.

As the result of the reform measures under PFMSP program, the public finance sector can report the following achievements:

1. Revision and development of legal framework for public finance management, strengthened its financial managements in central and local levels, improved budget planning and implementation in order to keep up with the economic growth, to modernize public financial management, enhance business environment, to promote our competitiveness. In this area, I can name a number of laws and regulations that were revised and adopted such as new budget law, tax law, custom law, value-added tax law, state asset law, accounting law, treasury decree and many more.
2. Centralization of customs, tax and treasury operations was carried out to strengthen financial management system at the central and local levels.
3. At the same time, we have enhanced inter-government fiscal relation between central and local levels
4. We have improved the public expenditure mechanism by using Government Financial Information System or GFIS which connects national treasury to budget department, line ministries at the central and local levels.

The government has improved revenue collection system to makes the process fast and transparent; we are now preparing to use ASYCUDA system, and have introduced C2000 and Scanners at various country customs checking points. This has enhanced Lao PDR status in accessing a member of WTO in the future.

Importantly, the government has strengthened the public debt management, in particular the external debts under the DMFAS system, which is expected to be operative at the beginning of next year.

Also, the government has improved transparency of public procurement to ensure the efficiency, transparency, and accountability of the procurement process.

Before moving on, let me express our sincere thanks to all development partners, such as the World Bank, ADB, EC, Japan, France, Australia, Singapore, Vietnam, SDC, and SIDA, who have generously supported our Public Financial Management Reform.

Ladies and Gentlemen, let me present the Fiscal Measure for the 7th NSEDP.

The objectives of the fiscal policy in the next 5 years will be based on the previous achievements in the last 5 year plan. One of the key objectives is to continue maintain macroeconomic stability which is one of the fundamental conditions for the economic growth.

We will conduct revenue policy in the manner to support the private and business sector development which will seed the strong base for government revenue. So that we can increase our domestic financial resource and gradually reduce the reliance on external assistance.

One of the priorities in the next 5 years is that we will improve our budget planning and allocation to ensure that it fully supports the sector efforts to achieve MDGs in 2015, particularly in Education and Health sectors.

The public financial management reform will remain our priority and there will be a lot of challenges for us to enhance management system closed to the regional and international standard. 6I The Tenth High Level RTM 2010

Base on our current projection, in the next 5 years,  
The total budget revenue including grants shall be about 19% to 21% of GDP  
The Expenditure shall be about 22% to 25% of GDP  
And We projected to have budget deficit in a range of 4-5% of GDP.

Distinguished guests, to keep the momentum of the current reform, Ministry of Finance will continue to improve public financial management to ensure the national budget is fully utilized in efficient manners as well as aligned and supports the implementation of the 7th NSEDP, to achieve such ambitious goals, we will undertake a major reform in different public financial areas such as:

1. Increase efficiency of fiscal planning and budgeting.
2. Improve budget execution and reporting system.
3. Strengthen the capacity of provincial and district financial units.
4. Further improve the legislations in public finance, and
5. Capacity building.

The 7th National Social Economic Development Plan is very important to the country development as it is the last five year plan for the Government of Lao PDR to achieve the Millennium Development Goals and seed the fundamental ground for the country to graduate from the status of the least developed countries.

In order to have sufficient financial resources to support the priority sectors and ensure their fulfillment of development plan, the Ministry of finance will do our best to improve our budget management so it can mobilize all potential domestic resources and efficiently utilize the resource.

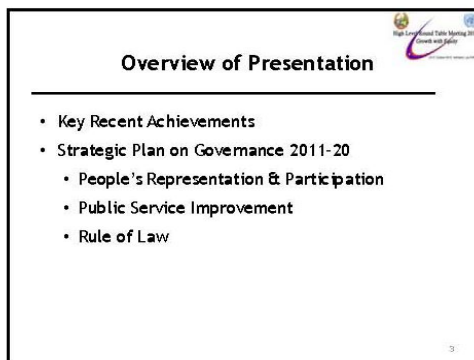
However, the development needs seems to be way higher than the current resource we could mobilize, so the support from all development partners through bilateral and multilateral cooperation is playing important role for the achievement of the implementation of this new nation plan.

We look forward to having your kind supports and cooperation from all of you.

Thank you.

## **Annex 6:**

Presentation and statement on Governance Strategy to support  
the 7<sup>th</sup> NSEDP 2011-2015  
by H.E. Ms. Bounpheng Mounphoxay  
Minister to the Prime Minister's Office, Chairperson of Public  
Administration and Civil Service Authority (PACSA)






**Public Service Improvement**

Key elements

- Revision of key laws and related regulations, including Law on Government and Law on Local Administration
- Clarification of mandates of the local administration
- Adequate staffing and resources for local administration
- Increasing compensation for civil servants, and linkage with merit and performance based systems
- Building competence across the civil service



**Rule of Law**

Key elements

- Legal Sector Master Plan to help ensure development of laws in accordance with the Constitution
- Consistency of domestic laws with commitments related to international conventions
- Improving the structures of key offices like People's Court, Prosecutor's Office and enforcement agencies
- Legal information support for professionals and establishing a legal academy for research
- Improving workplaces and environment of legal institutions and operational budget



**THANK YOU**



## **High Level Round Table Meeting 2010**

20<sup>th</sup> of October 2010  
Don Chan Palace, Vientiane, Lao PDR

### **Statement on Governance Strategy to support the Seventh NSEDP**

**Delivered by:**

**H.E. Ms. Bounpheng MOUNPHOXAY, Minister to the Prime Minister's Office,  
Chairperson of Public Administration and Civil Service Authority**

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**Your Excellency Dr. Thongloun Sisoulith, Deputy Prime Minister of Lao PDR and  
Minister for Foreign Affairs,**

**Your Excellency Dr. Ajay Chhibber, Chair of United Nations Development Group Asia  
Pacific, UNDP Assistant Administrator,**

**Excellencies, Distinguished Guests,**

I am very pleased to be here and update the Round Table Meeting on the Strategic Plan on Governance. This Plan was prepared with close involvement of key ministries and offices of the government, and consultations with development partners through the Governance Sector Working Group. Our work has been based on the vision of moving Lao PDR out of ranks of Least Developed Countries and achieving the MDGs. This transition is not just a matter of investment or infrastructure. Large scale development will make the required impact only when the quality of governance ensures improved livelihoods and capacities. Our efforts for good governance are to ensure that we achieve growth with equity and sustainability, which is the vision of the 7<sup>th</sup> NSEDP. I will highlight recent achievements and lessons, before proceeding to the details of the Strategic Plan.

We made rapid strides, in recent years, through new laws and regulations to firmly establish governance based on Rule of Law and the international Human Rights framework. In addition to making several new laws, the National Assembly enhanced people's participation, by organizing local consultations and responding to issues people raise on the National Assembly hotline. Service delivery made significant improvements. Front line service providers as well as several One Door Service Centres report higher citizen satisfaction with improved speed and procedures that were introduced to improve service delivery.

District administrations now have a significantly bigger role in expanding service facilities, through District Development Funds supporting 35 districts across 5 provinces. Hundreds of thousands of poor people benefit from this effort to improve availability of small but widely used facilities such as safe water, primary schools, community market and others, this is completely implemented through the local government machinery.

I now move on to the Strategic Plan on Governance which will support the 7<sup>th</sup> NSEDP.  
Excellencies, Ladies and gentlemen,

The new Strategic Plan on Governance is a balanced blend of continuity and change. It builds on previous achievements and provides continuity in basic policies, while proposing strategic changes in line with the social, economic and political development of Lao PDR. The Strategic Plan has four pillars – (1) People’s Representation and Participation, (2) Public Service Improvement, (3) Rule of Law and (4) Public Financial Management. His Excellency Mr. Somdy Douangdy, Minister of Finance, has already described plans related to the fourth pillar – I will limit my remarks to the first three pillars.

We have a well planned agenda to strengthen People’s Representation and Participation. New rules and regulations will improve coordination between National Assembly and Government, and also support accurate and speedy consideration of laws. A legal framework for local councils will be prepared, to deepen people’s representation and enable local development. Rules and mechanisms will be set up for creating and administering civil society organizations. Information gaps that people face will be addressed by wider dissemination of information through mass media. Steps will also be taken to improve public accountability, by enabling National Assembly members and communities to monitor use of funds and implementation of programmes of the government during the 7<sup>th</sup> NSEDP.

The overall framework to improve public administration and service delivery is being strengthened by revising key laws such as the Law on Government and Law on Local Administration, and making suitable amendments in related laws and decrees. The functions and mandates of local administration will be clarified, including guidance on coordination with central level, and improve policy implementation during the 7<sup>th</sup> NSEDP. It will improve quality of implementation and accountability, and reduce duplication. Adequate and appropriate staff as well as required budget will be provided for local administration. The experience with fiscal transfers to districts will be reviewed and steps taken for mainstreaming. Compensation levels will be upgraded to ensure that civil servants have a reasonable salary, linked to merit and performance. Separate and appropriate policies for the administration and technical components will be developed. These steps will be supported with wide capacity building, with the help of the Civil Service Training Centre.

The Legal Sector Master Plan will ensure that laws are developed in accordance with the Constitution and basic principles of law making. Efforts will be made to ensure that domestic laws are consistent with commitments made through international conventions. Specific attention will be paid to improve the structures of institutions such as People’s Court, Prosecutor’s Office and enforcement agencies. Several related efforts will be made in this sector to ensure an enabling environment and adequate capacity, which will benefit individual and enterprises in the years ahead. Systems for compiling and sharing legal information will support professionals in this sector, and taken further by establishing a legal academy for research. Improvements in the workplaces of legal sector institutions and adequate operational budget for sector institutions are to be provided.

The details regarding public financial management are being covered in the statements on the macroeconomic framework and private enterprise development.

Excellencies, distinguished guests,

I would like to express our appreciation to the Prime Minister for having highlighted governance as one of the priority sectors in the next Plan and ensuring strong support to take forward the agenda for governance reform. It will be our endeavour, with the support of development partners, to ensure successful implementation of these strategic steps, to ensure that the goals of the 7<sup>th</sup> NSEDP are successfully achieved, and the results benefit all the people of Lao PDR.

## **Annex 7:**

Presentation and statement on Mainstreaming Trade into the  
National Economic Development Agenda  
by H.E. Mr. Siasavat Savengsuksa,  
Vice-Minister of Industry and Commerce

### Ministry of Industry and Commerce

Mainstreaming Trade to ensure Economic Diversification, SME Growth and Sustainability of Exports

### Trade and Private Sector – More than just one ministry

### Strategic Direction of the NSEDP 7

**Targets include:**

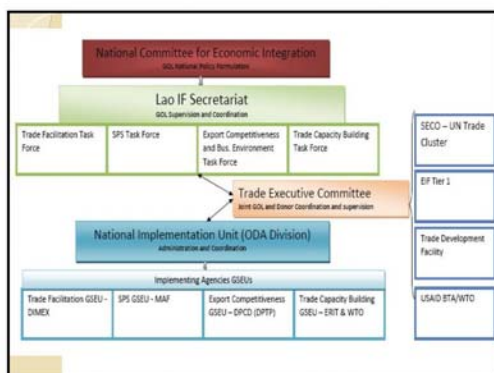
1. GDP growth rate of at least 8% annually (exports at 18% p.a., imports 8%p.a.)
2. Millennium Development Goals by 2015
3. Graduating the country from LDC status by 2020.

**Key Themes**

- **Restructure** the economy towards greater industrialisation and modernisation
- **Integrate** into the region and the world
- **Expand** the private sector in line with social development and poverty reduction
- **Quality and sustainability** of development

### NSEDP 6: 2006-2010 Quick Summary

- Global (WTO) and Regional Integration (ASEAN, GMS)
- Progress in trade facilitation, enabling business environment and public-private dialogue
- SME and Trade Coordination structures established



### Aid for Trade and Private Sector Development

- Significant contributions from Development Partners
- Key innovations in aid delivery
  - Diagnostic Trade Integration Study (DTIS)
  - SME Development Plan
  - Coordination
    - Trade Development Facility MDTF
    - SME Development and coordination of contributions in line with SME Plan.

### Coordination in Development Assistance

- Action Matrix of priority projects and areas of the Lao PDR Trade and Growth Strategy
- SME Action Plan 2011-2015
- Trade Executive Committee
- Coordinated SWAp approach
- Encourage government implemented Multi-Donor initiatives

### Coordination and Diversification

- Diversification
  - In the export bundle
- Coordination
  - In structures
  - In policy
  - In development assistance

### Coordination Structures



### Coordination in Policy: Lao PDR Trade and Growth Strategy (2011)



### SWAp

- A coordinated Sector-Wide Approach to Trade and Private Sector Development
- Pooling of resources
- Built on the Action Matrix of the Lao PDR Trade and Growth Strategy

Thank you

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**High Level Round Table Meeting 2010**

20<sup>th</sup> of October 2010

Don Chan Palace, Vientiane, Lao PDR

**Statement on Mainstreaming Trade into the National Economic Development Agenda**

**Delivered by:**

**H.E. Mr. Siasavat Savengsuksa, Vice-Minister of Industry and Commerce**

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**Excellencies,  
Distinguished guests,  
Ladies and Gentlemen,**

Trade and Private Sector Development is a broad field that underpins Lao PDR's New Economic Mechanism and integration into the regional and world economy. Although the mandate for trade promotion and private sector development falls under the remit of the Ministry of Industry and Commerce we have to work very closely with other related Ministries. Trade is about goods and services produced in many different sectors, such as hydro-power, agriculture, minerals, tourism and textiles. Each of these sectors are intertwined with and rely on the private sector and trade linkages for growth. Minerals and hydro-electric production are dominated by exports, likewise, tourism plays an important role in the services sector, and exports are becoming increasingly important for the agriculture sector as well.

As a country, and as a sector, we have set ambitious growth and development targets for ourselves in the 7<sup>th</sup> NSEDP. This will require robust economic growth which is targeted at 8% per annum. This growth needs to be driven through increased exports to regional and international partners at a rate of 18% per annum. Indeed, by 2015 exports will contribute almost half of Lao PDR's GDP and account for the majority of country's economic growth over the foreseen period. As an example it is estimated that at least 50% of GDP growth in 2010 has come from increased exports.

Our development over the forthcoming period will be driven by key themes in the NSEDP, including a central theme of restructuring the economy with a greater degree of industrialization and modernization. Furthermore increased GDP, industrialization and modernization will be driven by private sector expansion and export development. Given Lao PDR's relative size and economic structure, the role of SMEs in this process is going to be critical. Growth will also be reliant on increased integration with the region and the world. The NSEDP also recognizes that economic growth will have to be of sufficient quality to ensure long term economic sustainability, as well as being able to meet broader socio-economic objectives.

In generating exports, Lao PDR is very fortunate to have a wealthy stock of natural resources, and it is likely to be these sectors that will drive the exponential growth. However, we know that many of these resources are not infinite and will not be here forever. Additionally, the reach of these sectors in their direct impact on poverty reduction is limited. This makes it essential to develop our economy and export base more broadly, both for short term and long term sustainability.

Looking back on our progress to date, we have seen tremendous economic growth over the last five years. The strong economic growth has been facilitated through a variety of past and

ongoing economic reforms and developments. On the trade front, and related to the Millennium Development Goal 8A, to “Develop further an open, rule-based, predictable, non-discriminatory trading and financial system”, Lao PDR has just completed the 6th WTO Working Party negotiations in Geneva. The WTO accession process has also stimulated the creation of 8 laws, such as the revised Investment Promotion law and 24 related Prime Ministerial Decrees or Ministerial Notifications. The Government has also made substantial progress with respect to meeting regional trade commitments under the ASEAN Free Trade Agreement, and in October 2008 ratified the GMS Cross Border Transport Agreement. Linked to MDG Goal 8C, to “Address the special needs of landlocked developing countries and small island developing States”, with the assistance of development partners we are also close to the adoption of a trade facilitation strategy aimed at making trade easier and more efficient. This will compliment existing public-private dialogue mechanisms established over the last few years, such as the Lao Business Forum.

Over the period of the 6<sup>th</sup> NSEDP Development Partners have contributed significant finance in Aid for Trade, including trade policy and regulations support, private sector support projects and trade related infrastructure.

Within the context of the global Aid for Trade, and WTO based Integrated Framework initiative, the MOIC and development partners established a government implemented multi-donor trust fund. This project, financed by Australia and the European Union, and administered by the World Bank was the first project of its kind for Least Developed Countries, and goes to the heart of the Vientiane and Paris Declarations on Aid Effectiveness. As trade and private sector development reaches across a variety of different ministries the National Integrated Framework Governance Structure has been established as a critical framework for both mainstreaming trade within Government as well as providing a mechanism to administer Aid for Trade. The structure was initiated through the Integrated Framework and is currently coordinating the TDF, EIF, and USAID projects and other Development Partners are encouraged to link into this system. The National Integrated Governance Structure reaches from the National Steering Committee for Economic Integration chaired by the Deputy Prime Minister, through to Departmental level policy and technical level coordination structures. This Structure and various trade related projects are assisted by the Official Development Assistance (ODA) Division in the Ministry of Industry and Commerce.

The development of the Small and Medium Sized Enterprise Promotion and Development Office (SMEPDO) and the related SME Fund has also taken place within the last NSEDP. An SME Development Partner forum has also been established to coordinate development assistance. In this regard SMEPDO has been actively implementing the EC-SME development programme in conjunction with the ADB. Similarly GTZ’s Human Resource Development for Market Economy Project, now in its second phase, continues to provide important support. The Ministry working closely with JICA has recently completed a feasibility study for an industrial zone, including an export-processing zone, in the Vientiane area. US assistance is provided to assist in the WTO accession process, ASEAN integration and implement the Lao-US bilateral trade agreement and also links into the NIFGS. Likewise, various UN agencies are preparing a joint project, with bilateral financing from Switzerland, to support the aid for trade agenda and link in with the national framework. The fully costed plan for the sector is currently being worked on and will be based on the action matrix of the revised Diagnostic Trade Integration Study which will form the base for the Trade and Growth Strategy. With regard to SME development activities, the action plan for 2011-2015 requires around \$465m in finance, consisting of about 400m of required loans for



the SME sector and around \$65m for support measures in 7 key areas of the SME Action Plan.

Encouraging steps have been taken to improve government-donor coordination, but the greater work still remains ahead. The Trade and Private Sector Development Sub-Group has been established in an effort to coordinate donor financial and analytical support to the Lao Government in line with the objectives of the Vientiane Declaration. More projects are being aligned with and channeled through the National Integrated Framework Governance Structure (NIFGS), and coordinated through the ODA Division. Furthermore, additional assistance is being aligned to the TDF with unified administration and reporting. We are also currently in discussion with Development Partners on the establishment of the Trade Executive Committee, a body to further enhance coordination amongst various projects and streamline supervisory administration in Aid for Trade. The ability and willingness of both the Government and Development Partners to embark on new and innovative approaches in managing aid is paramount to improving the effectiveness of ODA in the Lao PDR. We would like to encourage Donors to assist us in our focus on Government implemented projects, preferably through multi-donor initiatives on our next steps towards a Sector Wide Approach for Trade and Private Sector Development.

Ladies and Gentlemen,

Looking forward into the next five years it is clear that exports are going to be the key driver of our economy. Exports are keys contribution to GDP. We need to both develop our resource exports in a sustainably manner, but furthermore develop our capacity to produce value added products of sufficient scale and competitiveness.

The mutual development of resource and non-resource exports will be a challenging task. This effort will require a coordinated and sustained approach in Structures; in Policy; and in Development Assistance.

We will continue to build and strengthen our coordination structures, such as the National Steering Committee for Economic Integration, and the sub-committees under it. These structures will both assist in mainstreaming trade issues between different departments, as well as creating a platform for the delivery of Aid for Trade.

In policy, the 7<sup>th</sup> NSEDP will be put into action through various sectoral strategies. For the trade and private sector there is a need to align the various strategies already in place into a coordinated Trade and Growth Strategy. This Strategy will build on and link the SME Strategy, the National Export Strategy, The Trade Facilitation Strategy and Industrial Strategies. It will also reference to and take into account linkages and impacts of other key strategies such as in the minerals, energy and service sectors. With a focus on promoting trade and private sector development the strategy will include an action plan for 2011-2015 which will form the basis for the Sector Wide Approach.

Based on MDG Target 8.9 looking to increase the proportion of ODA committed to building trade capacity, the SWAP will take into account various forms of development assistance, however the primary thrust will be on the pooling of resources where possible into multi-donor trust funds. This will help to reduce transaction costs, overlaps and gaps and ensure prioritization in development assistance. Additionally, and significantly it will enhance ownership of development projects, the outcomes and results, and lead to long term capacity development for Government and national stakeholders.

Thank you for your attention

## **Annex 8:**

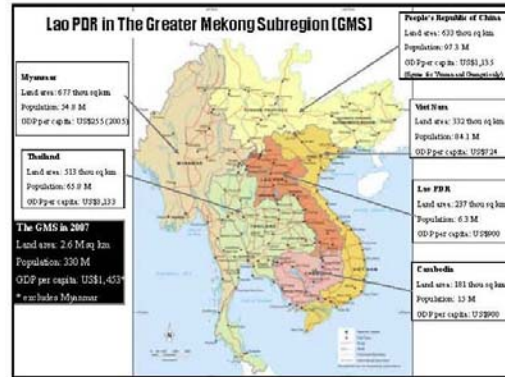
Presentation and statement on Infrastructure and Regional  
Integration Development Strategy  
by H.E. Mr. Sommad Pholsena,  
Minister of Public Works and Transport


**Lao PDR**  
 Ministry of Public Works & Transport

**Public Works and Transport Infrastructure Development Strategy for Internal and Regional Connectivity to support the 7<sup>th</sup> National Socio-Economic Development Plan**

By Minister Sommad PHOLSENA

ISVO Secretariat, MPWT



## Vision

**Continue to support the following GOL's objectives and goals:**

- To graduate from LDC Status by 2020
- To transform the country from land-locked to land-linked and to develop into logistic hubs in the GMS
- To meet MDG and poverty eradication
- To support industrialisation and modernization
- Develop into modern, green, clean, liveable and safety cities by preserving Lao culture and local unique architecture heritage with good urban environment

## MPWT Development Achievements

- I. Road Maintenance
  - ✓ Ensure the core existing road network in trafficable condition all year round, especially the international road connection, and road network to the Provincial and District Centres.
- II. Public Works and Transport Infrastructure Development
  - ✓ Completion of roads, bridges and airport projects
    - ✦ Hin Heup Bridge, Road 1H, Attapeu-Sansay road, Pakse-Thary road,
    - ✦ Sanakham-Ban Vang road, Houei Kon-Pakxeng, Pakse Airport
  - ✓ Good progress on ongoing roads, bridges, and airport projects
    - ✦ Thakae-Nakorn Phanom Mekong Bridge 20% ahead of schedule, NR4, Luang Prabang airport, Houeisou-Chiang Khong Mekong Bridge.
  - ✓ Completion of water supply projects in big cities and district towns
  - ✓ Completion of Mekong River bank protection

## Transport Operation and Facilitation

- I. Cross Border Transport Facilitation
  - ✓ Implementation of Cross Border Transport Agreement-CBTA at Dansavanh-Lao Bao and Savannakhet-Mukdaharn along EWEC
  - ✓ To carry out initial implementation of CBTA along NSEC
- II. Road Transport
  - ✓ Dominant mode of transport having 80% share of total transport volume
  - ✓ Means of transforming from land-locked to land-linked
- III. Railway Transport
  - ✓ Limited only to passengers transport
  - ✓ To operate freight transport after completion of containers yard
- IV. Civil Aviation
  - ✓ ASA with many countries in ASEAN including HK, Korea, and USA
  - ✓ To implement Open Sky Policy
- V. Inland Water Transport
  - ✓ Construct 40 km of river bank protection and Flood control dikes

## Water Supply and Sanitation and Urban Development

1. Water supply
  - ✓ Provision of water treatment Plants in VTE Capital and big cities
  - ✓ Provision water treatment plants in Secondary and Small towns
2. Sanitation
  - ✓ Provision of sewage and waste water treatment plants in big cities
  - ✓ Provision of solid waste field in Vientiane, Secondary town, Provincial capitals and District centers
3. Town/City Plan
  - ✓ 126 districts (out of 143 districts) have the town development plan or around 88%

### Ways forward up to 2015

- Follow Transport Action Plan particularly to meet ASEAN Economic Blue Print and ASEAN Connectivity by 2015 when Laos joins the ASEAN Community
- Implement the MPWT's 7<sup>th</sup> Five Year Development Plan 2011-2015 with particular focus on:
  - Commitment to meet MDG and poverty eradication by providing road access and safe drinking water.
  - Implement the CBTA in all economic corridors for regional connectivity
  - Continue to maintain, develop, improve, and upgrade important roads with particular focus on rural roads
  - Implement urban development and Town planning by promoting liveable, clean, green cities initiative and to reduce traffic accidents and fatalities
  - To strengthen capacity in planning and management and HDR
  - Donor and internal coordination and cooperation

ISWO Secretariat, MPWT

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### Challenges

- ❑ Demand is exceeding the available funding, inadequate counterpart fund.
- ❑ Regional integration & development of multi-modal transport systems
- ❑ Local Roads (PR & DR) largely under-funded
- ❑ Fully implementation of CBTA
- ❑ Shortage of competent and skilled personnel and labours and technical know-how .
- ❑ Low level of construction and transport industries and not able to compete with its neighbours
- ❑ High rate of traffic accidents and fatalities

Department of Planning & Cooperation, MPWT

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### Sector Cost/ Need

Item	Sub-Sector Details	Costly (\$M)
I	Transport Sub-Sectors	8,319.98
	1. Road	7,596.60
	2. Transport facilitation	27.40
	3. Civil Aviation	430.60
	4. Railways	0.50
	5. Inland Waterways	264.89
II	Water-Sanitation and Urban plan	319.18
	1. Water supply and Sanitation	126.03
	2. Solid Waste Management	173.13
	3. Town/City Plan	20.00
III	Institution Development	6.38
	Grant Total Need for 7 <sup>th</sup> MPWT (Including Rural Dev. and Poverty Eradication for MDGs)	8,645.02

### Status of Sources of Fund

Sources of Fund	10/11	11/12	12/13	13/14	14/15	Total (MUSD)
GOL	23.53	25.88	29.41	32.35	35.29	146.47
Road Fund	35.29	39.41	46.12	53.41	61.41	235.65
NT2 Revenue	2.82	5.88	5.88	5.88	5.88	26.35
Local Sources	62.82	71.18	81.41	91.65	102.59	409.65
Donors	256.47	299.29	213.29	188.24	111.29	1,068.59
Grant Total	380.94	441.65	294.71	371.53	316.47	1,805.29

ISWO Secretariat, MPWT

### Summary of Fund availability VS Need

Fund available/committed = **1,805 MUSD** (21%)

Fund needed/forecasted = **8,645 MUSD**

Department of Planning & Cooperation, MPWT

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**Thank You for your kind attention !**

ISWO Secretariat, MPWT

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## **High Level Round Table Meeting 2010**

**20<sup>th</sup> of October 2010**

**Don Chan Palace, Vientiane, Lao PDR**

### **Statement on Infrastructure and Regional Integration Development Strategy**

**Delivered by:**

**H.E. Mr. Sommad Pholsena**

**Minister of Public Works and Transport**

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**His Excellency Dr. Thongloun Sisoulith, Deputy Prime Minister, Minister of Foreign  
Affairs of the Lao PDR,**

**His Excellency Dr. Ajay Chhibber, Chair of United Nations Development Group  
Asia Pacific, UNDP Assistant Administrator,**

**Excellencies,**

**Distinguished Guests,**

**Ladies and Gentlemen,**

First of all, it is indeed my privilege and honor to participate in this High Level Round Table Meeting today. On the outset, please allow me to extend my appreciation to the organizing committee for the excellent preparation and arrangement made to the meeting. May I also extend my warm greetings to our friends from the Development Partners attending the meeting today.

**Excellencies, Ladies and Gentlemen,**

On behalf of my two competent Co-Chairs, Her Excellency the Ambassador of Japan to the Lao PDR Mrs. Junko Yokota, and the Country Director of ADB Lao Resident Mission, His Excellency Mr. Chong Chi Nai, and on my own behalf as the Chairman of the Infrastructure Sector Working Group-ISWG, It is indeed my honor to report to today's High Level Round Table Meeting the progress of the Transport Infrastructure Development and the outcomes of the 3<sup>rd</sup> ISWG held in MPWT on the 8<sup>th</sup> October, 2010. As you may be aware, the 3<sup>rd</sup> ISWG had been organized on a timely manner as MPWT had successfully implemented the end year of the 6<sup>th</sup> National Development Plan 2009-2010, and based on the current and accumulated achievement gained previously, MPWT will continue to implement the initial year of the 7<sup>th</sup> National

Development Plan 2011-2015. On this auspicious occasion, I would like to report to the meeting, in brief, the tangible progress made during the previous fiscal year as the followings:

- I. As road maintenance is among the top priority of the Ministry, MPWT had been able to successfully keep all national roads and economic corridors to be trafficable all year round. In addition, effort had been made to bring back to be serviceable the road network destroyed by heavy storms and floods, particularly in northern provinces and in the southern provinces, namely the destruction caused by typhoon Ketsana.

- II. Substantial Progress had been achieved in the development of transport infrastructure as the followings:
1. Completion of Hin Heup bridge along the 13 North funded by Japan.
  2. The construction of the Third International Mekong Bridge at Thakaek-Nakorn Phanom is about 20% ahead of schedule funded as a grant from Thailand.
  3. The construction of the Fourth International Mekong Bridge at Houei Sai-Chiang Khong is progressing as schedule funded as a grant 50% each from Thailand and China.
  4. The completion of the civil work of the NR 1H section Saravan – Xekong to DBST Standards fund as grant from Japan.
  5. The substantial completion of the NR 2W section from Houei Kone-Pakbeng funded as a soft loan for NEDA of Thailand.
  6. Completion of Provincial Roads, namely Attapeu-Sansay about 54km, Paksan-Thasy about 78km, and Paktone-Ban Vang about 54km with the ADB assistance (ADB10)
  7. Good progress on the construction of NR4 section from Nam Heuang Bridge to Sayabouly and to connect with Luang Prabang, together with access roads, funded by ADB (ADB11), co-financed by AusAid and OFID and EFCF.
  8. Completion of the upgrade of Pakse Airport to a medium size airport to be able to accommodate up to Airbus 300 funded by NEDA of Thailand.
  9. Good progress on the reconstruction of Luang Prabang Airport to accommodate up to Airbus 300 funded by a concessional loan from China.
  10. Completion of Mekong River bank protection at critical places caused by scouring and heavy erosion. In addition, bank protection in Vientiane Capital is progressing well with the assistance from EDCF of Korea.

**Excellencies, Ladies and Gentlemen,**

In Transport facilitation area, MPWT has been committed in the realization of the Government's policy to transform the country from land-locked to land-linked and to facilitate the seamless movement of goods and people between and among its neighbors by developing both the software and hardware transport infrastructure. In this regard, MPWT has completed the East-West Economic Corridor, EWEC, and the North-South Economic Corridor, NSEC, and the Cross Border Transport Agreement, known as the CBTA. At Dansavanh-Lao Bao Border Crossings, Laos and Vietnam are currently implementing Single Stop-Single Window Inspection and with Thailand only on Single Window Inspection. Under the assistance from Japan, border facilities and roadside stations are under construction. The implementation of CBTA along the NSEC will commence as soon as the Chinese-Lao-Thai Tripartite MOU is concluded. In our opinion, Transport Facilitation, particularly in land transport, is a Win-Win Approach, and most importantly, it creates an opportunity for Laos to have an access to the deep seaports in the neighboring countries and enable Lao products to reach the World market.

**Excellencies, Ladies and Gentlemen,**

Even though air transport takes a small share in the total transport volume, but it plays a significant role in tourism and investment. Several Air Service Agreements have been concluded, very recently with Hong Kong, Korea and USA. Moreover, our Government is ready to conclude Air Service Agreement with any parties under the Open Sky Policy.

To date, railway transport is only in operation by Joint Traffic Operation with Thai Railway Authority and is restricted only to passengers. Laos is now discussing with Thailand

to operate freight transportation. Construction of container yard is underway and in parallel with the development of logistic parks and dry ports, assisted by Japan.

In the area of water supply and sanitation, substantive achievement has been made in providing safe drinking water in several districts and towns, particularly in the Northern provinces assisted by ADB, NORAD, and many others. Japan has been continuously active in water supply sector namely in Vientiane Capital, Thakaek, Kaysone Phomvihane Town, and in Pakse. In addition, AFD and KOICA are also active in this area as well.

**Excellencies, Ladies and Gentlemen,**

It is also worth to mention that along with the development of the infrastructure, capacities in the areas of monitoring and management have been built. Our officials in all levels have been directly and indirectly trained, in most cases through their daily works, short technical seminars, and workshops. Local transport industries, civil works construction companies and consulting firms have been developed to the international qualifications. In parallel, we are able to develop our internal country systems acceptable to many donors in the project implementation, for example, the technical standards and specifications, the financial management guidelines, the environmental operation manual, the internal audit manual.

**Excellencies, Ladies and Gentlemen,**

All the remarkable and outstanding achievement reported to this High Level Round Table Meeting today are the fruitful support, cooperation, and generous assistance from our development partners. May I take this auspicious occasion to express my sincere and heartfelt thanks and gratitude to them for their valuable assistance. MPWT also acknowledges, with appreciation, the assistance and cooperation given by the relevant authorities at the central level and provincial levels, without which we could not fulfilled our tasks. May I ask the meeting to join me in giving them a loud applause.

Excellencies, Ladies and Gentlemen,

As we are now turning to the new chapter of the 7<sup>th</sup> Five Year National Development Plan, and the fiscal year 2010-2011 is the starting point. Including in this Five Year Plan, the following targets, among others, to be met by Laos, and in particular by MPWT, are very challenging. To name a few, they are the following:

1. Commitment to meet substantially the plan and actions in the ASEAN Blue Prints by 2015, in particularly the ASEAN Economic Blue Print.
2. Commitment to meet MDGs and to support actively the poverty eradication
3. Fully implement CBTA along Economic Corridors
4. Continue to develop, improve, upgrade, and maintain the road network nationwide. Particular attention will be focused to the roads to all districts to be at least at DBST Standards. This is to follow the saying **“if you want to be rich, build roads.”**
5. 80% of the population should get the access to safe drinking water.
6. Actively involved in the promotion of Livable, Clean, Green Cities initiatives.
7. Actively participate in reducing fatality in road accident from 11 persons to 5 persons killed per 10,000 vehicles.
8. Continue to develop our human resources and strengthen our internal capacities in all levels, from central down to district levels, and internal transport industries, with the attention to the participation of the private sector. MPWT recognizes that Private Sectors have both financial and business expertise. They know how to run business profitably. MPWT will focus on the activities that are not attractive to the private sectors.

9. Continue to closely coordinate with Development Partners for aid effectiveness and synergy. In parallel, coordinate with the central authorities and provincial authorities are equally important. Their involvement in all stages of project implementation will be the key success and sustainability.



As I have mentioned earlier, our challenges are so big, our mandate are heavy, and our targets are so far reaching. But they are just the minimum requirements our national socio-economic development and to support ultimate goal to graduate from LDC by the year 2020. MPWT has completed its strategy comprising of development programmes and projects. For effectiveness and efficiency in the implementation of the strategy, as well as to help MPWT to be in the driver's seat, it is requested that our Development Partners align their assistance into the strategy accordingly. To this end and in conclusion, I would like to appeal to our Development Partners to continue to support and assist us in implementation our arching goal, and join us to make the fiscal year 2010-2011 become a "take-off and break-through year" of the 7<sup>th</sup> Five Year Plan of the Government. Finally, may I wish the meeting with every success.

Thank you very much for your kind attention.



## **Annex 9:**

Presentation and statement on Agriculture Promotion and  
Rural Livelihood Development Strategy  
by H.E Mr. Sitaheng Rasphone,  
Minister of Agriculture and Forestry



**High Level Round Table Meeting 2010**  
*Growth with Equity*  
20-21 October 2010, Vientiane, Lao PDR

**AF and ANR Sector**


1



**Agriculture Promotion and Rural Livelihood Development Strategy**

HE. Sitaheng RASPHONE  
Agriculture and Forestry Minister


2



**Overview of Presentation**

- **Highlights on Laos Agriculture**
- **Strategic Plan for 7<sup>th</sup> NSEDP**
- **Way Forward**
- **Aid Coordination in AF-ANR**

3



**Highlights on Laos Agriculture**

- Laos has achieved basic self-sufficiency
- Agrarian Economy and volatile to Climate Changes:
  - Last year Ketsana Typhoon
  - This year severe weather conditions
  - Flood in central and northern regions of Laos
- Food security still an issue: 23% of the population is undernourished.. Need increased productivity, food reserve & nutrition
- Nutrition a concern:
  - 37% of CU5 (approx.. 270,000) underweight
  - 40% of CU5 (approx.. 300,000) stunted
- More over, food security remains fragile to climate changes

4



**Strategic Plan for Next 10 years (2011-20)**

- **AF and ANR Strategic Plan to support 7<sup>th</sup> NSEDP**
- **Three ultimate goals for development**
  - **Ensure long-term Food security**
  - **Adoption of sustainable agricultural and forest management practices**
  - **Forest management linked to climate change and REDD+**
- **Transition towards a sustainable and balanced commercial and exporting agriculture : SME & Large Ventures**

5

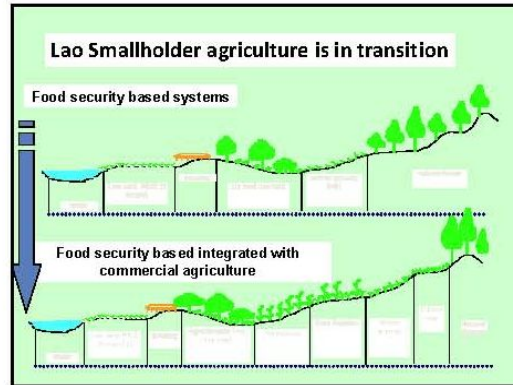
**AF-ANR Sector : Future Outlook**

- **Future:** Continued strong policy support and incentives to develop and invest in the AF Sector with cooperation from DPs and Private Sector
- **Tools:** New Vision, Strategy with associated Master Plan & Investment Plan has been set 'til 2020 and 2015 ( mid-term action plan ) – Documents been distributed to Lao side and all DPs...
- **Future Development Priorities:** follow 4 targets, 8 programs and 14 measures with 3 investment scenarios...
- **Future strategy 'til 2020 and associated Master Plan and Investment Plan prepared jointly by MAF, other concerned sectors and the DPs** (Finance and TA support from AFD, IFAD, EC, GTZ, SDC, Jica, Sida, ADB and etc)
- **Priority target areas :** agriculture – food security, forestry, watershed, rural development, climate change M&A & REDD+, poverty, gender, inter-sectoral and cross-border value chains...

**AF-ANR Sector : Future Outlook**

**Plan VII : 2011-2015 – ANR sector will perform over 4% of annual growth (overall GDP growth > 8%)**

- 1- **Food security and ensuring rice reserve to mitigate for natural disasters:**  
 achieve 350 kgs/cap/yr for rice for all ( including the Uplands )  
 achieve 50-60 kg/cap/ yr for protein  
 establish a rice reserve of 60 to 120,000 tons ( long-term goal )  
 rice seed reserve over 5,000 tons (now working on a rice reserve of 30,000 tons )
- 2- **Promote value chains, incl. in uplands ( take advantage of New ASEAN Charter & Economic-Social Pillars; Regional Economic Integration; Dynamic East Asia Economy esp. about PP&PP... ) – reach rural poor areas...increase income**
- 3- **New employment opportunities for the upland and remote rural poor – no more Shifting Cultivation**
- 4- **Forest cover up to 65% : REDD+ & climate change Ml. & Ad.**



**Agri-business : North**

- Organic tea to China
- Rubber to China
- Maize to China, Thailand, Viet Nam
- Soybeans to Thailand
- White sesame to Thailand
- NTFPs to China, Japan, Korea

Beginning of supply chains – mostly unprocessed products or early stage of processing  
 - Cross-border trade – major incentive...

**Agri-business : Central**

- Maize to Thailand
- Sugar Cane – complete supply chains shaping...
- Sweet corn to Europe
- Vegetables to Europe
- Peanuts to Thailand
- Cassava to Thailand
- Black glutinous rice to Europe, some organic

**Agri-business : South – SME supply chains**

- Okra to Japan – supply chain
- Coffee to Hongkong, Europe, Thailand – supply chain
- Cabbages to Thailand, Viet Nam
- Bananas to Thailand, Viet Nam
- Cotton indigo products to Japan
- Peanuts to Thailand, Viet Nam
- Cassava to Viet Nam
- Rubber to Viet Nam – supply chain
- Soybeans to Thailand, Viet Nam

**Way Foreword**

**Key elements**

- **Modernizing sector with multiple path for achieving growth and ensure in parallel sustainable resource use..**
- **Ensure Enabling Environment for Sector Development, Increased Cooperation & Agribusiness**
- **Participate in Regional Integration : take advantage of complementarity**
- **Tighten Capacity Development and promote strong Public-Private-Partnership**
- **Ensure Aid Effectiveness, Investment and M&E**

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### Multiple path exist for achieving AF Growth

- High diversity of existing rural land use systems
- Aim for family-based food security & production
- Aim for community-based food security & production
- National production derived from an integrated supply chain analysis ( incl. shifting cultivation )
  - Analysis => awareness of strengths and opportunities
  - Analysis => investments to overcome weaknesses and threats
- AF is more than rice : increased commodity & trade = increased income & safety nets




### Enabling Environment for Sector Development, Cooperation & Agribusiness

- 1-Endowment in Natural Resources ( land, water resources - forests ) – Clean environment : Government policies for Food Security, Clean Agriculture & Commercialization of Biodiversity..Strength !
- 2-Part of Asean..Asean + 3.. Dynamic Regional Economic Integration.. Different forms of economic cooperation : Provide Impetus to cooperation, investment & Agribusiness
- 3-Well established Round Table Meeting Processes : 8 Working Groups..Harmonization in cooperation & investments...
- 4-Legal support and Investment Incentives : Emerging Lao Private Agri-Businesses & Increased FDI in Agri-businesses : Success Stories
- 5-Land-linked & Increased Connectivity...Respond to regional food & commodity needs...

### Regional Economic Integration :

Opportunity for the Lao PDR :



### Imperatives of Regional Integration

- 1- Continued investments : PIP, ODA, focus on FDI, **need new policies, regulations and incentives to increase investments**, e.g. land lease policies like leasing irrigated agriculture land, nucleus estates...
- 2- Institute new cross border links, building a **new Asean Economic & Social Community** – transport corridors & economic corridors...increased connectivity & integration
- 3- Collective effort in preventing or **mitigating on new risks** – support to SPS
- 4- Sustain Technology Development through increased intra-Asean; Asean Plus Three & Cooperation with all DPs...lessons learned from the past : varietal improvement, supply chain dvpt, cattle dvpt, NTFFPs dvpt...( PP & PP )
- 5- Effective engagement with small holders and larger holders – need to realize Decrees on Associations & Cooperatives...to promote SMEs & producers to private businesses partnerships ( key to poverty eradication)

### Public and private investments needs to be synergized for successful regional and global integration

- WTO membership = all ASEAN vs. non-WTO = Lao PDR
- Lao agriculture and forestry need to upgrade its capacity to meet :
  - GAP standards
  - SPS standards
  - Organic Agriculture standards
  - Fair trade standards
  - Livestock health standards, etc..

### P-P & P-P ( tighten Value chains)

- **Public & Public:** Government to Government
  - MOU: Lao Government and Partner Government
- **Public & Private:** Government to private company:
  - MOU: Lao Government and Private company
- **Private & Producers:** Private company to producers (Contract farming)
  - Example : Case of rice or any commodity production in a given Province.
    - Partner Govt : varieties & breeds; technology; capacity building
    - Partner country Private Sector : capital; market; certification
    - Lao Govt & Private Sector complement : land lease; policy & other investment incentives; TA; capital & internal market; liaising & business support...

### Food and commodity production through PP & PPs

- Attract **QUALITY** FDI
- Bring in & Apply advanced farm management to areas of high value production: e.g.,
  - Irrigation command areas
  - Nucleus plantations
  - Agro-ecosystems unique to the GMS
  - Geographic areas endowed with modern infrastructure
- Create agro-industrial clusters

### P-P & P-P

- Management contract for 1 or more **irrigated areas**
  - Minimum size = 5,000 ha
  - Experienced producer groups are in place : skilled labor but need upscale on skills
  - Contract farming are with producers or producer groups

**Case Study:**  
 North Tonhe In Sebangfai Plain, Khammouane Province

### P-P & P-P

**Case Study:**  
 Taniyama-Siam, Thateng District, Sekong Province

- Barren land available as a land concession**
  - 30 year renewable lease
  - 30 ha – 1,000 ha
  - Operate as a nucleus estate
  - Contract farming outreach program with local farmers
  - Lease land from farmers
  - Use farmers as workers while transferring technology – increase income & food security...

**Okra:**  
 Sekong to Japan in 72 hours

### Investment Potential in Lao PDR in ANR Sector

Land use/cover in Lao PDR, 2002

### Aid Coordination in AF-ANR

- GoL & DPs coordination for Aid Effectiveness since , NGPES ( > 10 years ). No Paris Decl., VD nor ACCRA**
  - So specific targets, modalities, mechanism, rules set...
- Aims :** Aid Coordination for Growth, Poverty Reduction & Environment ( sustainable use of NR )
- Tools before Vientiane Declaration :**
  - Agriculture Vision & Master Plan 1999 (incl. uplands, food security, poverty, environment, gender ..);
  - Forestry Strategy 2020 (clear legal provisions, poverty, biodiversity, forest production & conservation, gender...);
  - Program development at subsector level : fisheries; animal disease control; varietal improvement;
  - large and rural irrigation ( poverty focus, group formation, irrigated agriculture ); conservation agriculture; extension;
  - Planning across subsectors, central & provinces-districts ( PAFOs, DAFOs )...etc...

### Aid Coordination in AF-ANR

- Results :**
  - Increased PIP, ODA align to set strategies, programs, plans...
  - Ownership in setting development interventions...
  - Increased coordination among DPs in projects...
  - Project management rules more flexible...
  - More tangible results & responding to national needs...
- After Paris Declaration, Vientiane Declaration & Accra in 2006 :**
  - strict criteria set; and
  - strict targets with comprehensive modalities, mechanism, rules and procedures set as guiding tools...
- Aim :** Upscale to Program & Budget Support level – push for full Lao and DPs coordination

### Aid Coordination in AF-ANR

**Progress :**

- 1- Ownership in Strategy, Programming & Investment Plan but lack real strong inter-sectoral link ( MAF; WREA, MEM, Land Authority, Poverty Office ), harmonization still intrasectoral level but there are legal provisions to interact
- 2- DPs increased efforts to support national strategies, programs, investment plans. DPs interactions stronger & more systematic...helped by institutional set-up of Working & Subworking Groups...
- 3- Increased DPs coordination impact greatly to more elaborated plans and creative approaches to develop common rules – challenge for both Lao and DPs...
  - DPs comparative strengths : complementarities... clear interventions for specific targets (food security; commercialized agriculture; uplands development; sustainable forest management; REDD+, climate change mitigation & adaptation; gender; program mgt tools;...)

### Aid Coordination in AF-ANR

- 4- **Overall AF Investment** : 1/4-1/5 PIP + 3/4-4/5 ODA + other sources ( in all forms – trade facilitation ) = 500 – 800 million.USD but 30-70% TA, transactions costs...
  - resources are better targeted to recipient needs...Lao capacity stronger...PIP more predictable...
  - DPs joining together...closer communication...
- 5- **Targets, Outputs, Outcomes clearer & more tangible...**

### Aid Coordination in AF-ANR

**Challenges :**

- continue on the process of harmonization...focus on pending issues : program management ( TA, procurement, finance, M&E ) to align to common system across ANR groups – Initiator the Uplands SubGroup...
- move down to provinces and districts level where there are still anomalies in ownership, harmonization, alignment...start with 2 to 3 provinces in each of 3 regions
- patience on both Lao side & DPs side, continued support
- ANR WG & esp. SWG to continue to serve as the coordination platform & Secretariat...WREA is the newest SWG...All SWG active but still lack strong inter-sectoral or inter-SWG connectivity...this is MAJOR FOCUS in the future

### Future Needs for Public Investment and Foreign Direct Investment in Agriculture

- **Financial investments required to support the 7<sup>th</sup> NSEDP ( 2011-2015 ) :**
  - Public investment: 8-10% (1.2-1.4 billion US\$)
  - Community-based/finance: 10-12% (1.5-1.8 billion US\$)
  - ODA: 26-28% (3.3-4.2 billion US\$)
  - FDI: 50-56% (7.4-8.3 billion US\$)
  - **Overall Investments** : 15 billion US\$
  - **ODA & FDI key !!!**
- **Approximately 0.9 to 1.4 Billion USD needed in ODA for agriculture and forestry sector for the coming 5 years – see detailed tables ...**

### Investment Plan for AF-ANR

**Three Investment Scenarios :**

Scenario by source of Finance	PIP	ODA	FDI	Total
Scenario ONE ( realistic ) %	120 6	898 48	858 46	1,876
Scenario TWD ( conservative ) %	120 12	886 88	0 0	1,006
Scenario THREE ( optimistic ) %	132 3	1,368 34	2,560 63	4,060

## THANK YOU

## **High Level Round Table Meeting 2010**

20<sup>th</sup> of October 2010

Don Chan Palace, Vientiane, Lao PDR

### **Statement of the Chair of the Agriculture, Natural Resource and Rural Development Sector Working Group and Sub Working Groups**

**Delivered by:**

**H.E Mr. Sitaheng Rasphone**

**Minister of Agriculture and Forestry**

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**His Excellency Dr. Thongloun Sisoulith, Deputy Prime Minister, Minister of Foreign Affairs of the Lao PDR,**

**His Excellency Dr. Ajay Chhibber, Chair of the United Nations Development Group Asia Pacific, UNDP Assistant Administrator,**

**Excellencies,**

**Distinguished Guests,**

**Ladies and Gentlemen,**

It gives me great pleasure to be here today and take the floor on behalf of the Ministry of Agriculture and Forestry (MAF) and the Sector Working Group on Agriculture, Rural Development and Natural Resources Management. Before I enter into the details of my short address, allow me to take this opportunity to thank the development partners for the valuable assistance provided last year to resolve the negative impacts of the Ketsana Typhoon that has caused extensive damages to agricultural production and the livelihood of a large number of farmers and families in the South of Laos. Some of the assistance received has been already delivered to the target areas and some are still in the process of being delivered to the affected areas and this help has been instrumental to helping normalize gradually the livelihood of the rural poor farming communities.

Excellencies,

Ladies and Gentlemen,

It is once again a privilege and great opportunity for me to be able to speak here today about rural livelihood development and especially our new agriculture and forestry vision and strategy which form part of the 7<sup>th</sup> Five Year Plan presented to you earlier. For our sector, this 10<sup>th</sup> Round Table Meeting is a special event, organized this year in conjunction with the celebration of the World Food Day for which there is also a display in the exhibition hall next to this Conference Room.

As you all know, in recent years and especially in the last decade, agriculture has experienced tremendous changes and it has significantly contributed to national growth. Difficult areas still persist but we are very encouraged by the progress achieved to-date. In Laos, agriculture is increasingly synonymous of growth, innovation, research, competitiveness, private sector development and regional integration. It is with these convictions in mind that the ministry has prepared a new 10 years strategy up to Year 2020 and a Master Plan with an Investment Plan up to 2015 which aligns to the 7<sup>th</sup> Five Year Plan. This work is a collective endeavor, fruit of wide ranging consultations across levels and sectors, involving local governments, farmers and private sector. The Agriculture and Natural Resources Sector Working Group'

contributions have been instrumental in firming up the Strategy. The strategy is of a cross-sectoral nature since it integrates many key documents, such as the national nutrition strategy, and the national climate change action plan. Let me present to you some important aspects of our new strategy.

The first goal is to guarantee food security. This is still indeed a priority as 23% of our population is malnourished, 37% of children less than 5 year old have a weight lower than normal. Of course we made progress, but nothing would be worse than to accustom ourselves to the current situation. It is not fate and the time we have is not anymore just for studies and assessments. Time is for action. The Ministry of Agriculture and Forestry will thus resolutely implement the components under its responsibility within the national nutrition strategy, in close coordination with the other concerned Ministries, in particular the Ministry of Health. Food security is a challenging goal. If we want to achieve this goal, we need to reverse the current trend of declining public investment in the agricultural sector. But we also have to add the food safety dimension to it in order to successfully manage accession to organizations such as the WTO, we must achieve considerable progresses in this regard. Activities such as controlling residues of pesticides or enhancing products' traceability must become routine. Capacity building is particularly needed in this field.

Our second goal is to facilitate the adoption of sustainable practices by farmers. Our country has the comparative advantage of having a considerable natural capital: forests, rivers, arable lands, biodiversity, and enormous pool of indigenous varieties. The current agricultural development trends are not always respectful of this common heritage. The Ministry of Agriculture and Forestry will continue proposing sustainable techniques to the producers, and applying a careful land use planning, in close cooperation with the National Land Management Authority. Forestry must also imperatively better perform. Our Ministry has recently created a department of forestry inspection which will be considerably reinforced under the next 5 year plan, to allow a stricter control over the forest sector and ensure sustainable use. Granted agricultural concessions and contract farming will also need closer monitoring. But if control is essential, it will not be enough to solve the problems. We will thus continue to set up incentive and pro-active policies at several levels. This will follow a three-tier approach. Firstly, we will pursue effective decentralisation at the "Kum Ban Pattana". Our services will not only be limited to traditional technical extension packages delivery since it would aim not only to increase their capacity to facilitate farmers' access to knowledge, know-how and information in a demand-driven fashion through key agricultural services and innovative techniques and varieties because the services are also aim to facilitate the development of farmers' organizational skills; farmers' interactions with research, agribusiness and other agricultural service providers. The services would also help broker links with market actors and providing information about rural financial support opportunities. This will require substantial public investments from our government, especially for the more rural remote areas, from our development partners but most resources are to come from the private sector businesses to which we would like to rely to in helping building a robust, economically and socially viable and also resilient small and medium level rural commodity-based value chains. Secondly, we must continue to provide a favorable investment climate to investors who will be respectful to the environment and Lao social settings, will create local jobs and will accelerate the transfer of modern agricultural techniques. Thirdly, incentive tools will be tested in the 5 next years for environmental purposes. Following on the Copenhagen summit, instruments are being developed to help agriculture and forestry to play their full role in environmental conservation and carbon sequestration. Our Ministry will prioritize efforts in order to prepare Laos, its farmers and entrepreneurs to fully benefit from these new instruments. I am taking this opportunity to congratulate our department of forestry, and supporting development partners for preparing



our country to REDD Plus. I would like to commend our research and extension institutions along with concerned development partners that undertake essential research and extension programs to address carbon sequestration in soils by conservation agriculture. As you know, Laos ranks second best globally in terms of number of rice varieties. Our natural capital, including agro-biodiversity offer tremendous opportunity and is a real comparative advantage for our agriculture and our economy. Producing and exporting typical Lao products, organic products, certifying and protecting our varieties and techniques are trends we need to encourage. The up-coming agriculture and forestry Five-year plan will encourage efforts in this direction.

Our third goal is to manage successfully the ongoing transition towards a commercial and exporting agriculture. How can we accelerate and accompany this transition? We will intervene at three supplementary levels:

First, the access of our farmers to agricultural credit must be improved. Massive investments are also essential for local agriculture related infrastructures: markets, storage, processing facilities, control laboratories, slaughterhouses, etc.. Through public and private partnerships, we will leverage valuable private resources, expertise, marketing channels and Development Partners can also assist by promoting quality FDI from their private sector.

The second level of intervention consists of helping producers and other agriculture stakeholders to get better organized. The recently enacted decree on associations and decree on co-operatives are very important for our farmers and my Ministry has elaborated a specific strategy to develop producers' organizations. The more the producers will be linked and organized, the stronger Laos will enter into regional and global value chains. We have reached already very positive results on this matter with the association of coffee producers groups on the Boloven Plateau which you will all visit tomorrow. Value chains will be better organized by commodity, from field to market. Rice, coffee, corn, organic vegetables, cattle and rubber are first concerned. We will encourage the creation of commodity organizations, transparent and fair, aiming for excellence, competitiveness and added value. In this regard the recent creation of a National Council for the Lao Coffee is a first important step in this direction. We will as well support vigorously innovating and profitable marketing options such as fair trade, organic production, the use of brands, labels, geographical indications, various forms of contract farming, etc..

As you can see our objective is to modernize Lao agriculture in a broad sense. A modern agriculture does not only need modern techniques, it needs modern forms of economic and social organization: farmers' groups, farmers' associations, new forms of cooperatives, value chain organizations, contract farming, regulated markets, geographical indications, brands, norms, to name a few.....

But we will not be able to modernize our agriculture without modernizing our institutions and our Ministry. An essential pillar of our strategy will thus be to reinforce the capacities of our Ministry of agriculture and forestry and concerned institutions, both the present and new ones. We still need a strong Ministry, but successfully repositioned on new roles, supplementing roles played by the private sector. Involving the private sector and the civil society organizations will be instrumental to building a viable and resilient rural economy. Laos was able to reduce significantly the negative impacts of the financial and food crisis thanks to the ability of the rural economy, predominated by agriculture and biodiversity, to make swift adaptations to alternative farming production systems. It was due to the multi-functionality of our agriculture systems and to the cross-border value chains that have helped our rural economy maintain its productivity and viability. It is important that our ministry

understand the dynamics of regional economic integration and from here develop needed institutions to support our gradual integration to the region vibrant economy. Our Ministry thus will be less a direct actor of the provision of agricultural services and more engaged in a regulatory role. Finally we will give priority to training, education, and research because they are the foundation of any development process. The number of the students in technical agricultural training centers managed by our Ministry will increase. Agricultural research will be reinforced, in particular in partnership with the private sector.

In terms of aid management capacities, within the framework of Agriculture and Natural Resources Sector Working Group, we have worked tirelessly on important subjects such as reducing the number of project implementation units, monitoring and evaluation, and agreed to set up a program management division. We have as well prepared this sector strategy, shared and discussed several sub-sector strategies, and formulated a first Program Based Approach for rural development in the Uplands. The Five-year Master Plan we have elaborated is a step further in the direction of better aid effectiveness because it comprises 8 programs on which we will kindly ask our development partners to take an pro-active part in realizing those programs.

Our government has rightly set a very ambitious objective of economic growth for the next five years and I strongly believe that with adequate means of investments and the continued support of our development partners and with the increased engagement of the private sector, agriculture and forestry can play a decisive contribution to achieving the set GDP and the national targets which address also the millennium goals.

The orientations that I have presented to you today represent a real change in many aspects. These changes are necessary if we want Laos to gain in competitiveness while guaranteeing food security. But nobody can do it alone, and we will need a tremendous support from our development partners and we are hopeful to receive your continued strong support in our common ultimate goal to eradicate poverty once and for all.

Thank you

## **Annex 10:**

Presentation and statement on Environmental Protection and  
Climate Change

by H.E. Mme. Khempheng Pholsena,  
Minister to the Prime Minister's Office, Head of Water  
Resource and Environment Administration




**Tenth High Level  
 Round Table Meeting  
 20<sup>th</sup> October 2010  
 Don Chan Palace, Vientiane, Lao PDR**

By:  
 H.E. Mme. Khempeng Pholsena  
 Minister to the Prime Minister's Office,  
 Head of Water Resources and Environment  
 Administration

Water Resources and Environment Administration

**Environmental Management:  
 Main Achievements**

**Environmental Policies and Legislations**

-  Sustainable Hydropower Policy
-  The National Implementation Plan to the Stockholm Convention related to Persistent Organic Pollutants (POPs)
-  Decree on Compensation and Resettlement of People Affected by Development Projects

Water Resources and Environment Administration

**Environmental Management:  
 Main Achievements**

**Environmental Policies and Legislations (Con't)**

- Decree on the Environmental Protection Fund
- Decree on Environmental Impact Assessment
- Environmental Protection Law (Update)
- National Environment Quality Standards Regulation





Water Resources and Environment Administration

**Environmental Management:  
 Main Achievements**

**Institution**

- WREA Established in July 2007
- The Environmental Social Impact Assessment Department (DESIA) in 2008
- National and Provincial Environment Committees being strengthened





Water Resources and Environment Administration

**Environmental Management:  
 Main Achievements**

- Best International Practice on Social and Environmental Impacts Mitigations being applied
  - Example: Nam Theun II Hydropower
- The Polluter Pays Principle (PPP) being applied




Water Resources and Environment Administration

**Water Resources Management:  
 Main Achievements**

**Water Resources Policies and Legislations**

- The National Water Resources Policy, Strategy and Action Plan 2011 – 2015
  - In process of submission
- Water and Water Resources Law
  - Under review

Water Resources and Environment Administration

### Water Resources Management Main Achievements



- Decree on River Basin Committee
  - The Nam Ngum River Basin Committee
  - Nam Theun-Nam Kading River Basin Committee



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### Water Resources Management Main Achievements

- Sustainable use of water resources and aquatic ecosystems
- Integrated Water Resources Management (IWRM)
- Mekong River Basin Cooperation


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### Climate Change Main Achievements

- First National Communication
- The National Adaptation Programme of Action (NAPA)
- The National Capacity Self-Assessment
- Second National Communication – in process
- The National Strategy and Action Plan on Climate Change



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### Climate Change Main Achievements

Laos: Low-Carbon Growth

- Water
- Land
- Forestry Resources target of 70 per cent coverage by 2020



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### Climate Change: Challenges and Needs

- ◉ Prompt Assistance
  - › Technical Assistance
  - › Financial Assistance
  - › Technology Transfer
  - › Capacity Development
  - › Institutional Strengthening




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### Climate Change: Challenges and Needs

- ◉ Prompt Assistance
  - › The Mainstreaming of Climate Change Strategy into the National Planning Process and System

*“Common but differentiated responsibilities and respective capabilities”*



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### Long Term Development "Green Growth"

- Clean Technologies
- Green Trade Mechanism
- Strong Public and Private Sectors Involvement
- Green, Low Carbon Cities




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### Green Growth: Challenges

- ◉ Prompt Assistance
  - > Technical & Financial Assistance
  - > Technology Transfer
  - > Capacity Development
  - > Institutional Strengthening
  - > The Mainstreaming of Green Growth and Climate Change Strategy into the National Planning Process and System, including poverty reduction programme.

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THANK YOU

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## **High Level Round Table Meeting 2010**

20<sup>th</sup> of October 2010

Don Chan Palace, Vientiane, Lao PDR

### **Statement on Environmental Protection and Climate Change**

**Delivered by:**

**H.E. Mme. Khempheng Pholsena  
Minister to the Prime Minister's Office**

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**H.E. Dr. Thongloun Sisoulith, Deputy Prime Minister and Minister of Foreign Affairs,**

**H.E. Dr. Ajay Chhibber, Chair of the United Nations Development Group Asia Pacific,  
UNDP Assistant Administrator,**

**Excellencies,  
Distinguished participants,  
Ladies and Gentlemen,**

It is indeed my great honor and pleasure to represent the Water Resources and Environment Administration (WREA) at this significant 10<sup>th</sup> High Level Round Table Meeting. I would like to take this opportunity to sincerely congratulate the Ministry of Planning and Investment as well as the UNDP for organizing this meaningful event and for the excellent arrangement made for the Meeting. My heartfelt thanks also go to all of our development partners for their strong assistance to the Round Table Meeting process and the Vientiane Declaration.

Mr. Chairman,

Our natural resources are our biggest assets, with over 40 percent of the country covered in forests, large mineral deposits such as gold, copper and silver, and the numerous tributaries of the mighty Mekong River providing ample hydropower potential. The economy has benefitted from large inflows of foreign direct investment in hydropower, mining and agriculture, as well as from Government policies to open up the economy to trade and investment, making the private sector the prime driver of economic growth. It is against this backdrop that the question of sustainability of economic growth becomes highly relevant and real.

While the country is striving to achieve strong economic growth, the government is committed to protecting the environment and sustainable use of national natural resources. Significant progress has taken place during the last five years paving the way for Laos to succeed in overcoming its most pressing challenges. There have been key improvements in the country's environmental policies and legislation aimed at ensuring Laos' valuable natural resources are wisely used and ecosystem resources are protected in a sustainable manner.

These are reflected in the approval of relevant policies, such as the Sustainable Hydropower Policy, the National Implementation Plan to the Stockholm Convention related to Persistent Organic Pollutants (POPs), including essential social policies fostering inclusive growth so that all segments of society benefit, particularly the most vulnerable; as well as by the adoption of relevant pieces of legislation, namely the Decree on Compensation and Resettlement of People Affected by Development Projects, the Decree on the Environment Protection Fund, the Decree on Environmental Impact Assessment, and the finalization of

the updated Environment Protection Law due for submission to the National Assembly. We have also introduced National Environment Quality Standards. Moreover, there has been the creation of WREA in July 2007 and the EIA Department in WREA in August 2008, and the steady progress of the strengthened National and Provincial Environment Committees in ensuring environment concerns to be reflected and addressed in relevant sector development plans.

We have introduced the highest standards when it comes to social and environmental safeguards in relation to large investments, such as the Nam Theun 2 Hydropower plant. Thanks to the support from the international financial institutions: the World Bank and ADB, the Lao PDR has been able to ensure that best international practices and the highest standards in mitigation of social and environmental impacts are being applied to large investments in the natural resources sector. Based on that experience, we have introduced the needed environmental legislation, which will hold domestic and foreign investors accountable for environmental impacts and mitigation, and the polluter pays principle has been gradually applied.

Mr. Chairman,

The wealth of our national water resources provides a wonderful opportunity for the Lao Government to meet its objective of exiting from its least developed nation status by 2020, while, at the same time, contributing to the Mekong Region's economic development. WREA is in the process of submitting the National Water Resources Policy, Strategy and Action Plan for the years 2011-2015 for the Government approval, and is revising the Water and Water Resources Law to be promulgated by the National Assembly by the end of the year 2011.

As a country with extensive water resources, Laos has the potential to draw vital revenues from this sector and is working to ensure that these investments are carefully considered, particularly those on the Mekong mainstream. Cautious social and environment analysis will need to be undertaken in close consultation with key stakeholders to ensure that hydropower development in Laos is green, socially and environmentally sound and that they benefit not only the Lao local communities but also those in the Mekong riparian countries.

The recent adoption by the Government of the Decree on River Basin Committee, aiming to apply integrated water resources management principles at the basin and sub basin level, has enabled the establishment of the Nam Ngum and Nam Theun-Nam Kading River Basin Committees. Wide participation of stakeholders, specifically the local communities, in water resources planning, management, implementation and monitoring process will be applied. Benefits from water users, such as mining and hydropower, will be shared in a way that protects and sustains water resources and aquatic ecosystems.

There is a strong commitment from our government to implement Integrated Water Resources Management (IWRM) more fully coupled with the support from our development partners and our government's firm political will to work and cooperate with member states in the Mekong River Basin which are all the needed prerequisites for a successful trans-boundary cooperation in the Mekong River Basin.

Mr. Chairman,

The impacts of climate change combined with pressures coming from economic development coupled with population growth and particularly growth in the urban population, are



exacerbated by the high dependency on natural resources for social and economic development of the country.

The Lao Government is fully committed to the battle of the international community against climate change. We have completed the First National Communication, the National Adaptation Programme of Action or NAPA and the National Capacity Self-Assessment and are now in the process of preparing the Second National Communication. The National Strategy and Action Plan on Climate Change, which identifies a series of priority actions on mitigation and adaptation was recently adopted. These include climate proofing sector development policies, strategies and plans, enhancing carbon sink by making agriculture sustainable and pursuing REDD+ initiatives by implementing more reforestation and afforestation programs, which was highlighted by HE Sitaheng Rasphone in the previous presentation, accelerating the development of renewable energy sources such as the use of waste biomass or agricultural residues, solar and wind as well as hydropower. We are also strengthening our capacity to implement and promote CDM projects.

In regard to low-carbon growth, one of our priorities is the sustainable management of water, land and forestry resources with emphasis on achieving the target of 70% forestry coverage of the national territory by 2020. Another priority is sustainable development of our abundant hydropower potential, including small hydropower, and other forms of renewable energy to reduce carbon intensity of our economy, with the co-benefit of reducing air pollution and alleviating poverty in rural communities. Lastly: energy efficiency of buildings and low carbon urban transport system. Laos will, therefore, need substantial technical and financial assistance for its effective adaptation of climate change. This includes issues on technology transfer, capacity development, institutional strengthening, and the mainstreaming of a climate change strategy which includes appropriate mitigation and adaptation policies and measures into the national planning process and system, including poverty reduction programs.

As a country who has acceded to the Copenhagen Accord, we believe that enhanced international cooperation under the shared vision for long-term cooperative action and the principle of “*common but differentiated responsibilities and respective capabilities*” is crucial for paving the way towards a successful Cancun 2010 and beyond 2012.

Mr. Chairman,

The long term development path for Laos is based on Green Growth, which means growth that is environmentally sustainable, inclusive and equitable, and which is based on eco-efficiency. We have to ensure that the move towards modernization and industrialization takes place under the umbrella of Green Growth, meaning the creation of green jobs within all sectors of our society, introduction of clean technologies and identification of new markets for green products through green trade mechanisms.

The way forward will include building-up a strong public sector, based on professionalism, integrity and transparency; and in parallel fostering a homegrown resilient “green” private sector. A strong and professional and reliable public sector is a crucial element in creating the needed leadership and enabling environment for green growth. However, the driving force behind development must come from the private sector, and for long term development and sustainability it is vital that we build-up a well educated workforce and strengthen the capacity of both public and private sector.

We want to develop green, low carbon cities with energy efficient buildings and transport systems, driven by the services sector, including the all-important sustainable tourism. Laos will develop itself into a logistics hub of the region, supported by the development of transport and economic corridors and a railway system. Agriculture, on which currently most of the population depends, will transform itself into a niche producer of bio-friendly organic products for its own population and external markets. In addition we are embarking on the implementation of the integrated water resources management and establishment of early warning systems in the light of our ongoing work to operationalise our national strategy on climate change. Furthermore, the Government is implementing an ambitious plan to increase the country's forest cover up to 70% of the national territory by 2020.

This development model embodies the essence of Green Growth. It promotes sustainable consumption and production. It supports and encourages businesses to include environmental protection into their business model, and find ways to become more energy and resource efficient. It promotes clean and green city development, and on the fiscal side, an increasing share of revenues from hydro and mining development is being dedicated to social development and poverty alleviation.

The solutions and way forward towards green growth addressing climate change, environmental protection, natural resources management and social and economic development must be developed through an integrated process that prevents conflicts and enhances synergies. This approach needs to integrate across sectors and across issues and problems. The traditional way of addressing emerging issues through isolated interventions sector by sector and issue by issue is counterproductive and ineffective.

To achieve the objective of green growth, we fully realize the magnitude of work to be done. Starting with the elaboration of the needed strategies, action plans and roadmap, we need to put in place the necessary legal and regulatory environment, as well as build the necessary resources and the capacity to effectively implement them. It is for this reason that education, skills development and capacity building are very high on our agenda. On the other hand there is a need to establish the physical structures, forums, networks for stimulating green business development through applied research, capacity building and incorporating green growth approaches in government policies, strategies and development plans.

Such initiatives will help the country build up its capacities including for both the public and the domestic private sector, because that is the only long term sustainable way forward and despite existing challenges we are convinced that thanks to the Government's strong political commitment coupled with effective international support and cooperation, and partnership with all stakeholders, private sectors and society at large, we can make "Green Growth" in particular, and sustainable development at large, happen.

Laos will, therefore, need substantial technical and financial assistance for its effective transformation towards "Green Growth", and adaptation to and mitigation of climate change. This includes issues on technology transfer, capacity development, institutional strengthening, and the mainstreaming of a green growth and climate change strategy into the national planning process and system, including poverty reduction programs.

Let me take this opportunity, on behalf of WREA, to convey our heartfelt appreciation to our development partners from the international financial institutions, bilateral and multilateral organizations and INGOs who have been actively assisting and continue to support us in addressing the crucial needs of our newly established organization in capacity development and institutional strengthening both at the central and provincial levels for environment

management and monitoring, environment compliance, integrated water resources management, and in addressing climate change impacts. WREA reaffirms its commitment to working with all of our development partners in the spirit of the Vientiane Declaration on aid effectiveness.

Thank you very much for your kind attention.

## **Annex 11:**

Statement on the Millennium Development Goal related to  
Health Sector  
by Prof. Dr. Eksavang Vongvichit,  
Vice-Minister of Health

**High Level Round Table Meeting 2010**  
20<sup>th</sup> of October 2010  
Don Chan Palace, Vientiane, Lao PDR  
**Statement on the Millennium Development Goal Related to Health Sector**

**Delivered by:**  
**Prof. Dr. Eksavang VONGVICHIT**  
**Vice-Minister of Health**

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**His Excellency Mr. Bouasone Bouphavanh, Prime Minister of the Lao People's Democratic Republic,**

**Her Excellency Ms. Helen Clark, Chair of the United Nations Development Group, UNDP Administrator,**

**His Excellency Dr. Thongloun SISOULITH, Deputy Prime Minister and Minister of Foreign Affairs,**

**His Excellency Dr. Ajay Chhibber, Chair of the United Nations Development Group Asia-Pacific, UNDP Assistant Administrator,**

**Distinguished Guests,  
Ladies and Gentlemen,**

On behalf of Ministry of Health (MOH), I would like to present to you on the key progress and achievements have been made:

Over the past 5 years SWG has grown in the health sector, particularly in terms of ownership and leadership of the (MOH), policy alignment to the 5 year Health Sector Development Plan, and harmonization between the Government and its Development Partners.

The development of Annual Work plan across the sector has seen improved consultative dialogue and coordination, joint planning and monitoring of activities. The 7<sup>th</sup> Five Year Health Sector Development Plan provides the framework for the health sector development agenda in the country and forms the basis for health –related targets in the 7<sup>th</sup> NSEDP

A strategic package of programs are now under implementation, with the aim of meeting the targets of the 7<sup>th</sup> NSEDP and achieve the MDGs by 2015, setting the ground work for the country to graduate from Least Developed Country Status by 2020.

Through Technical Working Group (TWG), MOH has developed the 1<sup>st</sup> National Health Information System Strategic Plan 2009-2015 and the 1<sup>st</sup> draft National Health Financing Strategy. Draft Decrees on National Health Insurance and MCH Fee Exemption are underway. Apart from that, this TWG has developed Annual Work Plans (AWP), facilitated Skilled Birth Attendance (SBA) Development Plan implementation, a draft decree on incentives for rural health workers, establishment of a National Education Development Centre for health profession teachers (NEDCHPT).

Accomplishment of developing and initiating the implementation of the “Strategy and Planning Framework for Integrated Maternal, Neonatal and Child Health (MNCH) Services 2009-2015” (MDGs 4 & 5).

Progress of National Nutrition Policy and Action Plan implementation in the health Sector.

Combating HIV/AIDS, Malaria and Other Diseases (MDG 6).

Demonstration of prompt and appropriate response to emerging diseases such as the A (H1N1) influenza.

Improving access to safe drinking water and basic sanitation.

Development of Annual Work Plans (AWPs) of all SWGs/TWGs/Secretariat.

Development of the Sector Common Work plan / Monitoring Framework (SCWMF).

Moving the Health Development Agenda Forward:

- ❑ The 7<sup>th</sup> five-year health development plan, HDP (2011-2015) aims to move towards industrialization and modernization, transforming challenges into opportunities. Its goals are to:
  - Create the basic material and technological infrastructure in order to graduate the country from the Least Developed Country status by 2020.
  - Expand the health system in order to meet the needs of the people, especially the poor and vulnerable and in synergy with the rapid industrialization and modernization of the country.
  - Contribute to eradicate the poverty to improve the people's quality of life, aiming to achieve the five health-related MDG goals.

The eight priority campaigns and measures during 7<sup>th</sup> NSEDP are:

1. Strongly promoting and expanding Model Healthy Village,
2. Resolutely reducing maternal and neonatal mortality and morbidity and aggressively, implementing child survival package,
3. Strongly promoting nutrition interventions and activities as outlined in the National Nutrition Strategy and National Plan of Action on Nutrition, as well as disaster and epidemic preparedness
4. Human Resource Development toward overall quality,
5. Strong Organization strengthening, mechanism and regulation upgrading
6. Sustainable health financing package development,
7. Traditional medicine, food and drugs and quality and safety,
8. Efficient mobilization, utilization and impact of Development Partner support in line with spirit of the Vientiane Declaration.

Thank you very much

## **Annex 12:**

Statement on the Millennium Development Goal related to  
Education Sector  
by H.E. Dr. Phankham Viphavanh,  
Minister of Education

## **High Level Round Table Meeting 2010**

20<sup>th</sup> of October 2010

Don Chan Palace, Vientiane, Lao PDR

### **Statement on the Millennium Development Goal (MDG) Related to Education Sector**

**Delivered by:**

**H.E. Dr. Phankham Viphavanh  
Minister of Education**

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**His Excellency Mr. Bouasone Bouphavanh, Prime Minister of the Lao People's  
Democratic Republic,**

**Her Excellency Ms. Helen Clark, Chair of the United Nations Development Group,  
UNDP Administrator,**

**His Excellency Dr. Thongloun SISOULITH, Deputy Prime Minister and Minister of  
Foreign Affairs,**

**His Excellency Dr. Ajay Chhibber, Chair of the United Nations Development Group  
Asia-Pacific, UNDP Assistant Administrator,**

#### **Distinguished Guests Ladies and Gentlemen**

I feel very proud on behalf of the Ministry of Education, all Education Development Partners, I would like to respect and welcome all leaders, Government and all Development Partners and I would also like to express sincere thanks to all of you for giving of your valuable time to participate in this meeting and visiting our Education Exhibition Room. The achievement of cooperation between Ministry of Education and Development Partners who are pleased to support Education Development in line with National Social-Economic Development and Government will be briefly summarized as follows:

Based on the Vientiane Declaration and Country Action Plan mechanisms, the Education Sector Working Group has successfully implemented many activities. A particular highlight has been the Education Strategic Development Framework 2009-2015 (ESDF).

The ESDF is the strategic document for all components within the Ministry of Education. Based on ESDF, the education sector aims to reach the MDG target as well as Education For All (EFA). It also provided the base input into the MoE submission to the Fast Track Initiative (FTI), which was approved in May 2010. The Fast Track Initiative Programme has been established with the support by the Government of Australia, WB, And Fast Tract Initiative, and amounts to USD 66 million. Implementation of the Education for All FTI-Catalytic Fund Package by using of a single pooled basket funding.

The achievements of the implementation of the MDG, especially target 2 is to provide education for all boys and girls, ensuring they all have access to basic education and can complete primary school. Target 3 is to promote gender development and strengthening the capacity building for women. The progress is gradually improving and the development gap of genders is closing.



The gross enrollment of primary school increased from 58% in 1990 to 92.7% in 2010, the completion rates of primary school education has been improved and increased from 48% in 1990 to 71% in 2010, the literacy rates of the youth groups of age 15-40 year-old increased from 69% in 1990 to 87% in 2010.

The completion rates of primary education for girls increased from 45.4% in 2000 to 47.6% in 2010, the completion rates of secondary education for females increased 41.2% in 2000 to 44.6% in 2010, the completion rates of vocational education for female decreased from 35.4% in 2000 to 34.3% in 2010. The completion rates of college and tertiary education for females increased from 35.2% in 2000 to 41.3% in 2010.

The average completion rates overall at primary school, secondary and tertiary education increased from 62% in 1990 to 85% in 2010, the average literacy of 15-24 year-old increased 83% in 1990 to 87% in 2005.

The target MDG2, equitable access to basic education for all and completion of primary education by 2015. Even though the net enrolment rate of primary education is 92.7%, this is still challenging and risky. Encouraging students to stay and complete primary education is difficult, partly due to the number of incomplete primary schools (42.8%). The average repetition rate is 14.2%, and particularly for primary grade 1 is 28.4%. Many children need Early Childhood Education but they are facing problems of food, nutrition and shortage of facilities. This is due to the poverty of the family which impacts a lot to the school readiness program and it is a major cause of high repetition rate of grade 1 of 28.4% in 2010.

Many children have access to primary grade 1 and 2 in their own villages but they cannot continue grade 3 except in other villages with completed primary schools.

Abolition of adult illiteracy for the target group in the past relied on social processes but quality is not very high, for example the abolition is achieved but many students are still illiterate. This is due to shortage of instructional materials especially for reading or a lack of interest or persuasion for the learners. The major problem is that the budget for adult literacy program is limited or does not meet the requirements.

The third target (MDG3), support and strengthen gender role is still disparate. Generally, gender inequality in education is still very high especially in the remote areas. Female enrolment rate in all level from primary to university is less than male.

The management of Official Development Assistance (ODA) shows that ODA is not in line with the needs of the Education Sector Development Framework (ESDF).

In order to solve the challenges and risks, the Ministry of Education and development partners agreed to outline a program based on the ESDF, which identified single overarching priority policies and strategies that are consistent with MDG and Education for All (EFA) goals. Beside this, the Ministry of Education has policies on School of Quality (SoQ), a minimum quality standard for primary education, school block grant which will off-set the abolition of informal fees from students-parents, strengthening and empowering Village Education Development Committee (VEDC), and requested an increasing of budget to the education sector.

Based on the ESDF, the Ministry of Education continues to expand the education network to mountainous, remote areas especially in the villages, the village and group village development and other focal zones that do not have any schools. This will initially target the

56 educationally disadvantaged districts and reduce the disparity between districts and gender among various ethnic groups. It will also ensure equitable access for students from poor families, females from ethnic minority groups and disabled students. Lastly, the Ministry of Education will work harder to achieve the targets set in 5 year Education plan.

Lastly, I wish all leaders and governments and distinguished guests have a good health and success in your noble duties.

Thank you very much.

## **Annex 13:**

Statement on the MDG9 related to UXO  
by H.E. Mr. Laoly Faiphengyoa,  
Vice-Minister of Labor and Social Welfare

## **High Level Round Table Meeting 2010**

20<sup>th</sup> of October 2010

Don Chan Palace, Vientiane, Lao PDR

### **Statement on the MDG9 related to UXO**

**Delivered by:**

**H.E. Mr. Laoly Faiphengyao,  
Vice-Minister of Labor and Social Welfare**

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**Your Excellency Mr. Bouasone Bouphavanh, Prime Minister of the Lao PDR,**

**Your Excellency Ms. Helen Clark, Chair of the United Nations Development Group,  
UNDP Administrator,**

**Your Excellency Dr. Thongloun Sisoulith, Deputy Prime Minister and Minister of  
Foreign Affairs,**

**Your Excellency Dr. Ajay Chhibber, Chair of the United Nations Development Group  
Asia Pacific, UNDP Assistant Administrator,**

**Excellencies, Distinguished Guests,**

The Lao PDR is, per capita, the most heavily bombed nation in history. Over two million tons of bombs were dropped on Laos between 1964 and 1973, including more than 270 million cluster munitions (known as “bombies”). Up to 30% of these munitions, including about 80 million cluster munitions, malfunctioned and remained as unexploded ordnance (UXO). Such UXOs continue to maim and kill civilians every day. They hinder socio-economic development and food security. Agricultural land cannot be developed safely while the threat of UXO remain, with a number Lao people becoming victims while clearing land to grow crops. Others become victims when they search for scrap metal to sell. Many victims are unable to work, with the loss of income creating devastating effects on the family.

The good news though is that we have vibrant UXO Sector – about 15 organizations providing clearance, victim assistance and risk education to affected communities on a daily basis- , a dynamic regulatory authority – the NRA-, a very good UXO Sector Strategy – Safe Path Forward 2 – and a strong treaty – the Convention on Cluster Munitions. In the past fourteen years, the UXO Sector destroyed more than one million bombs – including half a million cluster munitions -, releasing more than 23,000 hectares of land, and conducted over 12,000 risk education visits in affected villages.

Last but not least, we now have a Lao-specific MDG9 to reduce the impact of unexploded ordnance on affected communities, clean up more land in impact areas to further promote livelihoods and agriculture productions; and reduce to the maximum possible the number of victims.

But huge challenges remain:

- We need to ensure that the 20,726 UXO survivors recorded, their affected families and communities receive the full support they need.
- We need to assess the work remaining to be done to clear the remaining UXO, including cluster munitions, in particular in priority areas.
- We need more resources, at least 150 million USD in the five coming years.

I thank you for your attention and your support.

## **Annex 14:**

### **Concluding Remarks**

by H.E. Dr. Ajay Chhibber,  
Chair of the UN Development Group Asia Pacific,  
and UNDP Assistant Administrator

## **High Level Round Table Meeting 2010**

20<sup>th</sup> of October 2010

Don Chan Palace, Vientiane, Lao PDR

### **Concluding Remarks**

By

**H.E. Dr. Ajay Chhibber,**

**Chair of the UN Development Group Asia Pacific, and UNDP Assistant Administrator**

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**Your Excellency Deputy Prime Minister and Minister of Foreign Affairs Thongloun Sisoulith,**

**Other Excellencies, Distinguished Participants,**

Let me start by saying that this day long consultation has been truly remarkable and inspiring. So I'd like to begin by thanking and congratulating all participants for their most valuable contributions throughout the day.

We began the day by renewing our deep commitment to work in even closer partnership towards the achievement of the MDGs for the people of the Lao PDR by signing an MDG Compact. This renewed commitment must now be put into effective action.

Since 2015 is fast approaching, we must especially focus our efforts on the most pressing MDGs. We need to help more resolutely redress the high child malnutrition rate, the high maternal mortality rate, persistent gender imbalances, the still highly dangerous prevalence of UXO, and the increasing vulnerability of the Lao PDR's valuable environmental assets with implications for climate change.

I was also very much inspired throughout the day by the good will and strong support expressed by the Lao PDR's many Development Partners for the achievement of the other valuable goals in the 7<sup>th</sup> National Socio-Economic Development Plan (NSED 2011-2015).

Development Partners also resoundingly expressed high appreciation for the country's many impressive achievements and offered a wide range of suggestions and expressions of related assistance.

Clearly, Lao PDR has achieved some impressive results over the past decade generating high returns for ODA investments. Additional assistance will be especially needed to propel the country in its final lap towards the achievement of the MDGs and graduation from the LDC status.

Given the limited time available for this closing session, it would be impossible to adequately summarize all of the rich ideas, observations and suggestions offered throughout the day. I leave this for the full proceedings to be prepared following this meeting.

Instead, allow me to provide a brief overview of the day's dialogue, and offer a few perspectives on what I understood to be some of the most pressing priorities ahead and some of the related suggestions.

His Excellency Prime Minister Bouasone Bouphavanh opened with a succinct review of Lao

PDR's many achievements during the 6<sup>th</sup> National Socio-Economic Development Plan 2006-10, and outlined a number of emerging opportunities and challenges ahead for the 7<sup>th</sup> NSEDP 2011-15. His Excellency the Prime Minister noted that while Laos was able to successfully manage through the recent global economic and financial crisis, much more is needed to strengthen the resilience and sustainability of the country's growth and development. His Excellency also emphasized the importance of health and education for deepening the quality and sustainability of growth and development.

Ms. Helen Clark, Chair of the United Nations Development Group (UNDG) congratulated the Government of Lao PDR for putting "the MDG's at the heart of the 7<sup>th</sup> NSEDP", and emphasized that greater investment in the social sectors, social protection and social equality is not just good social policy, but very smart economic policy. Ms. Clark also highlighted that progress on gender equality will have strong multiplier effects for achieving all the MDGs. Ms. Clark emphasized the critical importance of mobilizing quality foreign direct investment (FDI), and ensuring efficient and equitable land policy given that land remains fundamental to the wellbeing of Lao people.

Continued high GDP growth will no doubt be essential to achieving the MDGs, but not just any kind of GDP growth. Rather, the kind of high quality inclusive and equitable GDP growth that will generate jobs, livelihoods and incomes for Lao people; substantially increase revenues to the government budget to fund essential social services; and enhance and safeguard the country's valuable environmental assets.

In other words, there will be a need for much greater focus on the quality of growth and development, including equity and sustainability.

As also highlighted throughout the day, achieving quality growth and development through the 7th NSEDP will require much greater efforts in the critical areas of governance, natural resource management, efficient and equitable land management, mobilizing quality foreign direct investment, private sector and trade reform, public finance reform, supervision and oversight of banking and finance, enabling infrastructure, as well as further consolidating macroeconomic stability.

I found quite remarkable the convergence of views expressed by government and development partners on such critical issues throughout the day. Clearly this reflects very strong partnerships developed over the past decade.

As one delegate noted, "Laos is back on the map, and strongly on the map".

#### Seventh NSEDP, Achieving MDGs, Achieving Towards 2020

- Given the planned heavy reliance on FDI in the 7<sup>th</sup> NSEDP, the final outcome of the 7<sup>th</sup> Plan will very much depend upon the quality of FDI mobilized and approved for Lao PDR.
- Foreign investment can be catalytic in lifting a least developed country to the next higher level of development. But this will not be automatic, and the Government will need to build upon some best practices already demonstrated in Lao PDR by some recent high quality investments in the natural resource and non-resource sectors.
- In addition, investments across the resource and non-resource sectors will need to be balanced and diversified to avert the buildup of potentially destabilizing structural

imbalances.

- Great concern has also been expressed over land policy, planning and management given that most Lao families and communities do not yet have secure legal title to their traditional lands in the face of strong foreign investor interest in acquiring large areas of land for industrial crop plantations, mining and hydro.
- Therefore, land titling, especially in rural areas, needs to be accelerated to protect Lao families and communities from growing risks of land encroachment, land grabbing and potential loss of traditional family and community land rights.
- Here Development Partners highly commended the commitment in the new NSEDP to issue 1 million new land titles over the next five years. Effective implementation will require a sufficient budget allocation to enable poverty sensitive titling fees and poverty sensitive taxes given that most farm families have little cash income.
- Participants noted the importance of effective project implementation to maximize use of existing funding already made available to Lao PDR, and greater efforts towards aid effectiveness and effective implementation of the Vientiane Declaration on Aid Effectiveness. Streamlining the procedures for approving MoUs would also help Lao PDR more quickly access available finance.
- Development Partners also congratulated the Government for the leadership demonstrated at the global level in agreeing to host in a few weeks time the First Meeting of the State Parties on Cluster Munitions, as well as the addition of MDG 9 on more accelerated removal of UXO. This in turn will help free up more safe agricultural land for Lao families and communities in rural areas.

### Natural Resource Management

Clearly one of the greatest opportunities but also greatest challenges facing Lao PDR will be the effective management of the country's rich natural resource endowment.

- Based on international experience over the past fifty years, greater transparency will be especially important in the natural resource sector to achieve a *resource blessing* for the Lao PDR and to avoid the kind of *resource curse* outcomes that have plagued so many other resource rich developing countries over the past fifty years.
- Top priority should be given to transforming natural resource wealth into much more valuable human resource wealth so that growth and development can be sustained to increasingly higher levels well beyond the potential depletion of the resources concerned or an unexpected collapse in global commodity prices.
- In this regard, a growing share of natural resource revenue will need to be invested in health, education, vocational training and human resource development.
- At the same time the pace of investment in the natural resource sector may need to be rationalized and brought more into line with the development of the country's capacity to absorb such investments effectively and sustainability.

### Effective Governance

- Development Partners applauded government progress on further improvements in governance, and highlighted its central importance for effective implementation of the 7<sup>th</sup> NSEDP to achieve its many valuable goals.
- Participants heighthed the importance of rule of law, and that human development is grounded in human resource development.
- Development Partners commended recent government efforts to further support the development of the National Assembly, local councils, the local media as well as civil society, but more capacity development assistance will be needed.
- More timely access to quality information and data in a wide range of areas would



better inform government and development partner effective planning and decision making; Here development partner applauded the recent approval of the Statistics Law and plans for stronger institutional and human resource capacity to ensure its effective implementation.

- A one stop door service for foreign investors will facilitate the mobilisation of quality foreign investment.

#### Public Finance Reforms

- Participants felt that there was a need to rebuild the macro-economic safety net through further efforts to increase government budget revenues, rationalize growth in credit, ensure fiscal sustainability, ensure a safe level of financial reserves to better withstand the next potential crisis, and thereby better consolidate macro-economic stability.
- Participants commended the progress achieved in many areas of Public Financial Management reform including the growth and centralization of revenues, and improving debt management. Participants also commended the maintenance of financial stability despite natural disasters like Typhoon Ketsana and the recent global financial crisis.
- Participants nevertheless emphasized that there is a need for clearer budget priorities especially in health and education, and a clear operational framework to ensure implementation in line with clearer priorities.
- Ensuring a rational balance between current and capital expenditures, including sufficient budgeting for recurrent costs to help maintain the country's rapidly growing infrastructure is becoming increasingly important.
- The rapid growth in the local banking and finance sector will require the development of effective regulatory and supervisory capacity to ensure responsible deposit taking and lending practices that contribute to quality growth, financial sector stability, and safeguard the life's savings of Lao families.

#### Advancing Private Sector Development and SMEs

- Many participants voiced strong support for the further development of an indigenous domestic private business sector needed to generate more sustainable jobs and incomes, and the urgency of further improving the business environment for SMEs.
- More needs to be done to effectively implement existing and new laws and regulations which would also contribute to reducing informal fees, transactions costs and waiting time for doing business in Lao PDR.
- Many development partners strongly support the country's further efforts to integrate more deeply into ASEAN and the ASEAN Community, as well as efforts towards accession to WTO through the Integrated Framework and Aid for Trade as this will facilitate positive policy and institutional reform.

#### Agriculture and Rural Development

- Ensuring the nation's food security remains a major challenge especially in the face of the growing number of natural disasters.
- This will require significant investments in the agricultural sector, and better access to credit by farm families.
- Further efforts are needed to connect farm families to timely market information as well as to help better ensure fair and competitive farm gate prices.
- Investing in Sanitary and PhytoSanitary Capacity to achieve WTO standards would prove strategic to opening up new higher value added export markets for Lao PDR food products while further increasing market share in existing markets.

#### Developing the Nation's Enabling Infrastructure

- Lao PDR is also aiming to become the “battery” of the subregion. This can be very strategic if approached carefully, but there may be a need to better assess the cumulative impact on the environment of so many planned hydro dams in such a short period of time.

#### Safeguarding the Country's Valuable Environmental Assets and Climate Change

- The 7<sup>th</sup> NSEDP provides a valuable opportunity to put environmental policies and strategies into practice and to enforce the new legal framework.
- Development Partners commend the efforts of WREA in developing a legal and regulatory framework for safeguarding the country's valuable environmental assets. Effective implementation will be critical.
- Green Growth can be achieved if Lao PDR proactively screens and monitors investments in natural resource sectors through objective and meaningful Social and Environmental Impact assessments.
- Development partners have expressed strong support for further assisting Lao PDR better prepare for the growing impact of Climate Change and to better safeguard Lao PDR's environmental assets.

Excellencies, Distinguished Participants,

This is a brief overview that attempts to capture at least some of the richness of today's dialogue.

A full proceeding of this Round Table Meeting will be drafted and distributed to all participants. So please provide the Secretariat with an electronic or hard copy of your official statement before departure.

Your valuable contributions and suggestions throughout the day and in written form will greatly help the Government in the further refinement and effective implementation of the 7th NSEDP aimed at achieving the MDGs and so many other valuable development goals.

I would like to take this opportunity to thank the Chair of this meeting His Excellency Dr. Thongloun Sisoulith for so effectively guiding this day long dialogue to such a successful conclusion.

I also wish to thank the many ministers and other Excellencies from government who provided enlightening presentations on the critical issues, as well as to development partners for their many helpful suggestions and offerings of support throughout the day.

Special thanks and congratulations are also owed once again to the Government of Lao PDR and especially the Ministry of Planning Investment, Minister Dr. Sinlavong Khoutphaythoune as well as Mr. Somchith and his amazing team at the Department for International Cooperation at MPI for organizing such an enriching and fruitful Round Table Meeting which has clearly helped deepen partnerships for the effective implementation of the 7th National SocioEconomic Development Plan 201115.

Thank you all once again for all your good will and strong support offered throughout this remarkable day long consultation. Very best wishes in our collective effort under government leadership to support the government in moving the new development plan into action in

order to realize the promise of the MDGs for Lao people and nation, and help Lao PDR graduate from LDC status even before 2020.

Thank you.

## **Annex 15:**

### **Closing Remarks**

by H.E. Dr. Thongloun Sisoulith,  
Deputy Prime Minister and Minister of Foreign Affairs

## **High Level Round Table Meeting 2010**

20<sup>th</sup> of October 2010

Don Chan Palace, Vientiane, Lao PDR

### **Concluding Remarks**

By

**H.E. Dr. Thongloun Sisoulith,  
Deputy Prime Minister, Minister of Foreign Affairs**

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**Dr. Ajay Chhibber, Chair of the UN Development Group and UNDP Assistant Administrator,**

**Excellencies Ministers, Ambassadors,**

**Heads of Delegations,**

**Distinguished Guests,**

**Ladies and Gentleman,**

At the outset, I would like to thank my Co-Chair, Dr. Ajay Chhibber for the comprehensive summary of our interactive dialogue throughout the day. I must say that we had a very fruitful discussion that had resulted in many concrete recommendations and suggestions, which can be of great significance for us to pursue our goals.

We have been very much encouraged by the supports and positive assessment made by our development partners and friendly countries on our development performance over the past years. At the same time, we do recognize that a lot need to be done. Our economic growth requires high quality if it is to be sustainable in the long run; development gap between the rural remote and urban areas has to be filled. Malnutrition issue, among others, needs to be addressed through a more systematic approach. One of the added challenges that we are going to face is how to ensure the availability of resources required to meet the goals and target set for the next five years. Although the Lao PDR has made considerable progress in its socio-economic development and implementation of MDGs, its economy remains fragile and vulnerable to the external crisis, therefore, the international assistance like official development aids or soft loan are still necessary to fill the gap.

In order for us to address the challenges we face, the Lao Government has already formulated the right policy, undertaken concrete measures and action, which you have already seen in the presentations by the line ministries. Our tasks for the coming years are to translate these measures into a more tangible outcome. To this end, it requires a strong partnership from the international community. Your commitments today would definitely contribute to the successful implementation of these measures. I would also like to thank those development partners for confirming their supports to and signing the MDGs Compact and hope that others would consider to do so later in the coming days.

Mr. Co-Chair,  
Distinguished delegates,  
Ladies and gentlemen,

Now our meeting is coming to the end. Before I conclude, I would like to convey my sincere thanks to His Excellency Bouasone BOUPHAVANH, Prime Minister of the Lao PDR and Madam Helen Clark, UNDP Administrator for their presence at the opening ceremony of this 10<sup>th</sup> Roundtable meeting and for setting the tone for our discussion. I would also like to thank all development partners, the Government agencies and the UN system for the hard work they have put into the preparation and organization of this meeting. Last but not least, may I thank my Co-Chair, Dr. Ajay Chhibber for the leadership he showed at the meeting. Tonight, we would still have a Gala Dinner, which we can enjoy and relax with and tomorrow we will continue with our program namely calling on the President of the Lao PDR and a field trip to Champasak Province. So once again thank you all for being here with us today. I wish you good health, happiness, prosperity. For those who have traveled long distances to be here, I wish you a pleasant stay in Laos and a safe journey home.

I now declare this meeting closed.

Thank You.

## **Appendix 1:**

### **Invitation Letters to the High-Level RTM 2010**



**LAO PEOPLE'S DEMOCRATIC REPUBLIC**  
PEACE, INDEPENDENCE, DEMOCRACY, UNITY, PROSPERITY

**Deputy Prime Minister  
Minister for Foreign Affairs**

Vientiane, 12 August 2010

Excellency,

It is my great pleasure to inform Your Excellency that the Government of the Lao People's Democratic Republic will organize the 10<sup>th</sup> High-level Round Table Meeting in Vientiane from 21-22 October 2010, followed by a project field visit on 23 October.

This Round Table Meeting is an integral part of the in-country *Round Table Process* launched by the Government of the Lao PDR in January 2000 with the support of UNDP aiming to strengthen the partnership between the Government of the Lao PDR and its partners in development and promote aid effectiveness for development results. The 10th Round Table Meeting is taking place at a very critical juncture when the country is finalizing its new five-year National Socio-Economic Development Plan (NSEDP 2011-2015) which aims to achieve the MDGs by 2015 and prepare necessary foundations for graduation from the LDC status by 2020.

In addition, the 10<sup>th</sup> Round Table Meeting aims to promote a common understanding on the strategic development directions of the country over the next five years as outlined in the Seventh NSEDP and to mobilize the support necessary from development partners to ensure the achievement of the Plan's goals and objectives. High level representation from donor countries both traditional and non-traditional is expected as the meeting provides the forum that facilitates the dialogue at the highest level. Taking into account the importance of round table process, His Excellency Mr. Bouasone Bouphavanh, Prime Minister of the Lao PDR and Ms. Helen Clark, UNDP Administrator will preside over the opening ceremony and deliver their Keynote Addresses at this important event.

In this context, given the significant role . . . . . has played throughout the past decades in supporting the Lao Government to implement its national development objectives, on behalf of the Government of the Lao People's Democratic Republic, it is my great honor to invite Your Excellency and/or Your Excellency's High-Level Representatives to participate in this Round Table Meeting. The meeting agenda and registration form are enclosed herewith. The meeting's documentations will also be sent to your office in due course.

Please accept, Excellency, the assurances of my highest consideration.

Dr. Thongloun Sisoulith





LAO PEOPLE'S DEMOCRATIC REPUBLIC  
Peace, Independence, Democracy, Unity, Prosperity

Ministry of Foreign Affairs  
*Department of International Organizations*

No 888 /AE.OI.2

The Ministry of Foreign Affairs of the Lao People's Democratic Republic presents its compliments to the Embassy of Ireland and with reference to the letter dated 12 August 2010 by H.E Dr. Thongloun Sisoulith, Deputy Prime Minister, Minister of Foreign Affairs of the Lao PDR addressed to

regarding the invitation to the 10<sup>th</sup> Roundtable Meeting to be held in Vientiane in October 2010, has the honor to inform that the said meeting, which was initially scheduled from 21-22 October 2010, has been re-scheduled from 20-21 October 2010. The Ministry of Foreign Affairs of the Lao PDR would like to express its apology for the inconvenience caused by this unforeseeable change.

Furthermore, the revised Provisional Agenda, Logistics Note, and Multi-year Indicative ODA Support Form are also enclosed herewith. It would highly appreciate if the said documents could be forwarded to its highest destination in due course.

The Ministry of Foreign Affairs of the Lao People's Democratic Republic avails itself of this opportunity to renew to the Embassy of Ireland the assurances of its highest consideration.

Vientiane, 30 August 2010





ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ  
ສັນຕິພາບ ເອກະລາດ ປະຊາທິປະໄຕ ເອກະພາບ ວັດທະນະຖາວອນ

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ກະຊວງແຜນການ ແລະ ການລົງທຶນ

10 . . . . .  
ເລກທີ...../ຕຫ.

ນະຄອນຫຼວງວຽງຈັນ, 04 OCT 2010

ຈົດໝາຍເຊັນ

ຮຽນ: .....

ໂດຍໄດ້ຮັບການເຫັນດີຈາກລັດຖະບານ, ຂ້າພະເຈົ້າຂໍຖືເປັນກຽດເຊັນ ທ່ານ ເຂົ້າຮ່ວມກອງປະຊຸມ ໂຕະມິນ ໃຫຍ່ ຄັ້ງທີ 10 ຊຶ່ງຈະໄດ້ຈັດຂຶ້ນໃນວັນທີ 20-21 ຕຸລາ 2010 ທີ່ ໂຮງແຮມດອນຈັນພາເລດ, ນະຄອນຫຼວງວຽງຈັນ. ກອງປະຊຸມດັ່ງກ່າວຈະໄດ້ຮັບກຽດກ່າວໂຂກກອງປະຊຸມ ໂດຍ ພະນະ ທ່ານ ບົວສອນ ບຸບຜາວັນ, ນາຍົກລັດຖະມົນຕີ ແຫ່ງ ສປປ ລາວ ແລະ ພະນະທ່ານ ນາງ ເຮເລີນ ເສີກ, ຜູ້ອຳນວຍການໃຫຍ່ຂອງ ອົງການສະຫະປະຊາຊາດ ເພື່ອ ການພັດທະນາ ແລະ ມີບັນດາທ່ານລັດຖະມົນຕີວ່າການ/ລັດຖະ ມົນຕີຊ່ວຍວ່າການ, ເຈົ້າແຂວງ/ຮອງເຈົ້າແຂວງ ແລະ ບັນດາຜູ້ຕາງໜ້າຂອງອົງການ/ປະເທດທີ່ໃຫ້ການຊ່ວຍເຫຼືອແກ່ ສປປ ລາວ ເຂົ້າຮ່ວມ ( ວາລະກອງປະຊຸມ ແລະ ແບບ ພອມໄດ້ຂັດຕິດມາພ້ອມນີ້ ).

ຈຸດປະສົງຂອງກອງປະຊຸມຄັ້ງນີ້ ແມ່ນ ເພື່ອສ້າງຄວາມເຂົ້າໃຈທີ່ເປັນເອກະພາບກັນລະຫວ່າງລັດຖະບານກັບ ຜູ້ໃຫ້ທຶນ ກ່ຽວກັບ ແນວທາງຍຸດທະສາດການພັດທະນາຂອງ ສປປ ລາວ ໃນ 5 ປີຕໍ່ໜ້າ ຕາມທີ່ໄດ້ລະບຸໄວ້ໃນ ແຜນພັດທະນາ ເສດຖະກິດ-ສັງຄົມ ແຫ່ງຊາດ 5 ປີ ຄັ້ງທີ VII (NSED 2011-2015) ໂດຍສະເພາະແມ່ນ ການບັນລຸເປົ້າໝາຍສະຫັດສະຫວັດເພື່ອການພັດທະນາ ໃຫ້ໄດ້ພາຍໃນປີ 2015 ແລະ ການຫຼຸດພົ້ນອອກຈາກ ຄວາມທຸກຍາກ ໃນປີ 2020; ແລະ ເພື່ອເປັນການລະດົມ ການຊ່ວຍເຫຼືອທາງການເພື່ອການພັດທະນາ (ODA) ຈາກ ບັນດາຄູ່ຮ່ວມພັດທະນາ ເພື່ອມາສະໜັບສະໜູນການຈັດຕັ້ງປະຕິບັດ ແຜນພັດທະນາເສດຖະກິດ-ສັງຄົມ ແຫ່ງຊາດ 5 ປີ ດັ່ງກ່າວ.

ຂ້າພະເຈົ້າຂໍສະແດງຄວາມຂອບໃຈມາຍັງທ່ານ ທີ່ໄດ້ສືບຕໍ່ໃຫ້ການສະໜັບສະໜູນ ແລະ ຫວັງຢ່າງຍິ່ງວ່າ ທ່ານຄົງຈະສະຫຼະເວລາອັນມີຄ່າເຂົ້າຮ່ວມກອງປະຊຸມ ໃນຄັ້ງນີ້.

ຂໍສະແດງຄວາມນັບຖືມາຍັງບັນດາທ່ານ ນະທີ່ນີ້ດ້ວຍ

  
ສິມລະວິງ ສຸດໄພທູນ  
ລັດຖະມົນຕີວ່າການ ກະຊວງແຜນການ ແລະ ການລົງທຶນ

## **Appendix 2:**

### Group Photo Session



H.E. Mr. Bouasone Bouphavanh, Prime Minister of the Lao PDR and H.E. Mme. Helen Clark, Chair of the UNDG and UNDP Administrator with the Chair and Co-Chair of the High-Level Round Table Meeting 2010



Prime Minister, Helen Clark, Ministers and Vice-Ministers, Ambassadors, Heads of International Organizations, Chair and Co-Chair



During the discussion sessions



Atmosphere of the High-Level RTM 2010



Dr Thongloun Sisoulith and Mme Sonam Yangchen Rana, signed on the MDGs Compact, witnessed by Prime Minister of the Lao PDR, Helen Clark and Dr. Ajay Chhibber,



Prime Minister, Helen Clark, Minister of Planning and Investment and UN Resident Coordinator visited DIC's Aid Effectiveness Booth



Minister of Agriculture and Forestry presented the sectoral activity implementation performance to Mme Helen Clark and other DPs



Helen Clark and Prime Minister visited a booth of the Water Resource and Environment Administration

## **Appendix 3:**

### List of Participants



**List of Government Officials**  
**High-Level Round Table Meeting 2010**  
**20 October 2010, Don Chan Palace Hotel, Vientiane, Lao PDR**

<b>National Assembly (NA)</b>			
1.	H.E. Dr. Saysomphone Phomvihane	Vice President / Head of Committee	Foreign Affairs Committee National Assembly
2.	H.E. Mr. Thongteun Xaiyasene	Chief of Cabinet	Cabinet of National Assembly
3.	H.E. Mr. Khamsing Xayakone	Head of Committee	Economy and Financial Committee
4.	H.E. Dr. Phonethep Pholsena	Vice of Committee	Culture and Social Committee
<b>Prime Minister's Office ( PMO )</b>			
5.	H.E. Mr. Cheuang Sombounkhan	Minister to PMO	Director General of the Office of Government Secretariat
6.	H.E. Ms. Bounpheng Mounphoxay	Minister to PMO	Chairperson of PACSA
7.	H.E. Mr. Khammoune Viphongxay	Vice-Chairperson	PACSA
8.	H.E. Mr. Khamouane Boupba	Minister to PMO	Chairperson of National Land Management Authority
9.	H.E. Mr. Meck Phanlack	Acting President	National Leading Committee Office for Rural Development and Poverty Reduction
10.	H.E. Ms. Khempheng Pholsena	Minister to PMO / Chairperson	Water Resource and Environment Administration
11.	H.E. Dr. Bouasy Lorvansay	President	State Audit Authority
12.	Mr. Phoukhieo Chanthasonboune	National Project Director	National Regulatory Authority for UXO/Mine Action Sector in Lao PDR
13.	Ms. Monemany NHOYBOUAKONG	Permanent Secretary	Water Resources and Environment Administration
14.	Mr. Nisith KEOPHANYA	Director General	Public Administration and Civil Service Authority
<b>Ministry Planning and Investment (MPI)</b>			
15.	H.E. Dr. Sinlavong Khoutphaythoune	Minister	Ministry of Planning and Investment
16.	H.E. Dr. Bounthavy Sisouphanthong	Vice Minister	Ministry of Planning and Investment
17.	Dr. Kikeo CHANHTHABOULY	Permanent Secretary	Ministry of Planning and Investment
18.	Mr. Somchith INTHAMITH	Director General	Department of International Cooperation
19.	Dr. Samaychanh BOUPHA	Director General	Department of Statistic

20.	Ms. Khamchan VONGSENEBOUN	Director General	Department of Organisation and Personal Officer
21.	Mr. Bounpone Sisoulath	Director General	Department of Monitoring and Evaluation
22.	Dr. Khamlien PHOLSENA	Director General	Department of Planning
23.	Ms. Phonevanh Outhavong	Deputy Director General	Department of Planning
24.	Mr. Champa Khamsouksay	Deputy Director General	National Economic Research Institution
25.	Ms. Sisomboun Ounavong	Deputy Director General	Department of International Cooperation
26.	Mr. Bouasavath Inthavanh	Deputy Director General	Department of International Cooperation
27.	Ms. Saymonekham Mangnormak	Deputy Director General	Department of International Cooperation
28.	Mr. Homphan Soukpasith	Deputy Director General	Department of International Cooperation
29.	Mr. Rasy Pharchan	Director of Division	Department of International Cooperation
30.	Mr. Bounluane Somsyhaphanya	Director of Division	Department of International Cooperation
31.	Mr. Doungmala Chanthalangsy	Director of Division	Department of International Cooperation
32.	Mr. Morakot Vongxay	Director of Division	Department of International Cooperation
33.	Mr. Sysomphorn Phetdaoheung	Director of Division	Department of International Cooperation
34.	Mr. Vanpheng Sengmanothong	Director of Division	Department of International Cooperation
35.	Mr. Khampay Vilayhong	Deputy Director of Division	Department of International Cooperation
36.	Mr. Soulivanh Batthivong	Deputy Director of Division	Department of International Cooperation
37.	Ms. Phaykham Xongvisay	Deputy Director of Division	Department of International Cooperation
38.	Mr. Kouthong Sommla	Deputy Director of Division	Department of International Cooperation
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