

Annex 16:

Joint statement on Governance
by H.E. Mr. Khammoune VIPHONGXAY, Vice Chairman of
Public Administration and Civil Service Authority

**Joint Statement of the Chairs and Co-chairs of the Governance Sector
Working Group and Sub-Sector Working Groups**

**Delivered by
Mr. Khammoune Viphongxay
Vice Chairmen
Public Administration and Civil Service Authority (PACSA)**

Your Excellency Dr. Sinlavong Khoupaythoune, Minister of Planning and Investment,

**Your Excellency Mme Sonam Yangchen Rana, United Nations Resident Coordinator
and UNDP Resident Representative,**

Excellencies,

Distinguished Guests,

I am pleased to deliver this statement on behalf of the Chairs and Co-Chairs of the Governance Sector Working Group and Sub-Sector Working Groups, which are now fully operational. The Sub-Sector Working Groups on *Public Service Improvement* and *Legal and Institutional Oversight* have held several meetings, including one to discuss a sector-wide approach in the Legal Sector. Closer involvement of members who focus on public financial management has strengthened this Sector Working Group since sound management of public finances is an integral part of good governance.

I would first like to highlight some key achievements of the year, starting with the good results from capacity development for high administrator at the district level. Improved service delivery at district level is necessary to achieve the MDGs. In this regard, priority has been given to implementing *Decree No 39 on Restructuring District Administrations*. Guidelines for organization analysis and restructuring, linked to the formulation of accurate job descriptions, are being successfully used in this process. Training and awareness raising on governance reform for heads of administrations in all 140 districts has resulted in increased demand and support for the implementation of critical reforms. Such large scale efforts will be institutionalized through a Civil Service Training Center, which is being established by the Public Administration and Civil Service Authority. The network of One-Door-Service-Centres continues to expand bringing services closer to the people. In addition, infrastructure grants are being provided directly to 18 districts in 5 provinces to promote fiscal decentralization and build local capacities.

In the legal sector, several very visible achievements should be highlighted. The Lao PDR has significantly accelerated its integration into the international legal framework by becoming party to three important treaties: (1) the *International Covenant on Civil and Political Rights*, (2) the *United Nations Convention Against Corruption*, and (3) the *Convention on the Rights of People With Disabilities*. On behalf of the Sector Working Group I would like to express strong support to the government on these achievements.

The recent approval of the *Legal Sector Master Plan (LSMP)* is a strong testimony to the government's commitment to legal reform. A harmonized sector-approach has been adopted and will be implemented over the next decade. While we acknowledge that access to justice –

especially for the most vulnerable including children and the poor – remains a challenge, increased efforts are underway to improve this situation.

The capacity of the National Assembly to ensure oversight and accountability has been significantly strengthened. The National Assembly has reviewed and passed 11 important laws since December 2008. The people's petition system has been improved, and enquiry missions are now conducted. The Assembly and PACSA are playing a lead role in identifying the process of re-establishing local councils – a move which is very much supported by all national stakeholders and development partners. In recognition of both the important role played by the National Assembly, and the need to better coordinate international assistance, a joint programme that involves 6 UN agencies and several bilateral and multilateral development partners now supports the National Assembly with pooled funding.

The *Decree on Associations* approved earlier this year represents another important milestone, widely supported by all national stakeholders and development partners. It establishes a legal framework for civil society organizations in the Lao PDR and will make it possible to expand the role of civil society organizations. In another effort to strengthen people's participation, the government, with support of various development partners, is now reviewing and harmonizing its participatory planning approaches.

However, despite these significant achievements, the governance sector continues to face daunting challenges: The capacity of the sector working group secretariat needs to be strengthened to effectively monitor sectoral progress against clearly defined targets. Coordination and linkages with other sectors need to be improved as well, since governance is a cross-cutting issue that impacts on all other sectors. It is critical for the Government to take an active role in the coordination and harmonization of sector activities.

However, the most significant challenge for the governance sector is to transform policy initiatives into action and results on the ground. This can only happen if implementation capacities are strengthened at all levels – in particular at the district levels. It is not enough to have staff – we need the right people with the right capacities, as well as effective performance management systems to ensure accountability and results orientation. Qualified and motivated civil servants are urgently needed in remote rural areas but incentives to serve in those areas are so far absent. Communication constraints between some public service providers and citizen are also visible when policy initiatives move to local levels. Solutions that will enable all people to have equal access to services and information are needed.

In the legal sector, appropriate coordination and resourcing will be essential to fully and effectively implement the new sector master plan. Strong Government commitment and guidance as well as robust development assistance are critical at this stage.

Excellencies, distinguished guests,

Ladies and Gentlemen,

I would like to express our appreciation to the Prime Minister for having already identified *governance* as one of the priority sectors in the next Plan and I would like to outline some of the critical governance issues which need to be addressed through the 7th NSEDP.

A well developed and credible legal system is a cornerstone for national development. In a context of rapid growth and globalization, this need cannot be underestimated. The next

national plan needs to fully incorporate the principles; actions and targets of the Legal Sector Master Plan and effective mechanisms need to be established to disseminate laws and to create capacities for their implementation and enforcement. A state well managed by the rule of law will create the confidence required to attract foreign direct investments while securing the basic legal rights of the Lao people. This is why we would like to encourage and request all development partners present here today to consider continuing support this sector.

In addition, the next NSEDP will need to prioritize the improvement of service quality, by clarifying mandates and targets for key institutions at national, provincial and district level and by assigning adequate resources. Further investments in expanding infrastructure need to be complemented with mechanisms to ensure that the available infrastructure is efficiently utilized. This includes a results-oriented performance management system, which provides incentives for serving in remote areas. These efforts to improve delivery of essential services need to be underpinned by strengthened inter-ministerial and departmental coordination.

The decree on associations was a prerequisite for civil society to more meaningfully contribute to the development of the country. The next NSEDP should continue to further strengthen this enabling environment to allow the fledgling civil society to mature. The capacity of the public institutions involved in the registration and administration process also needs to be strengthened. .

In conclusion, what we are suggesting is to accelerate efforts to scale up and mainstream those governance reforms initiatives that have been successfully tested over the past years, and to design a roadmap in support of both the implementation of the strategic plan on governance, and the implementation of the NSEDP.

With these remarks I would like to close this statement and again thank all partners who actively contributed to the activities of the governance sector working group in the past year.

Annex 17:

Joint statement on UXO and Cluster Munitions
by Dr. Maligna SAIGNAVONGS, Permanent Secretary of
National Regulatory Authority for UXO/Mine Action

**Joint Statement of the Chairs and Co-chair of the UXO Sector Working
Group
Delivered by
Dr. Maligna Saignavongs
National Director
National Regulatory Authority for UXO/Mine Action**

**Excellencies,
Distinguished Participants,**

I have the honor to deliver this Joint Statement on behalf of the NRA and UNDP, chair and co-chair of the UXO Sector Working Group.

As you know, some 35 years after the end of the war, unexploded cluster munitions as well as other remnants of war can be found in great numbers across Laos and claim an average of 300 new victims every year, of which more than 40 % are children. Their widespread presence contributes to poverty and food insecurity, affecting most notably the least developed areas of the country and the most isolated communities. This is the reason why addressing the humanitarian and socio-economic problems caused by UXOs has been a fundamental and cross-cutting component of our development agenda for the past 13 years and will need to remain a priority in the next five-year plan. We would like to take this opportunity to express our gratitude to the many development partners who have contributed to the UXO programme since it was established in 1996.

However, now is no ordinary time for the fight against cluster munitions in the Lao PDR. Never before have the circumstances and the environment been so favorable to UXO action. These circumstances include:

- A well structured and effective programme, which was recently evaluated;
- Two well-established government institutions, one in charge of coordination and regulation, the other one in charge of operations;
- A new and up-to-date national strategy aligned with the NSEDP;
- And of course, a new international and binding convention, which is the Oslo Treaty banning cluster munitions.

Allow me to touch very briefly on these various points.

Today, the UXO Sector is probably one of the best structured and coordinated in the country with a national institution at its core, the National Regulatory Authority (NRA), and three very active and efficient technical working groups bringing all operators and stakeholders together.

While the NRA is still a relatively fragile institution that needs to be strengthened, one should not under-estimate the importance of what it has already been able to accomplish since it became operational merely two years ago. Of particular significance is the adoption of national standards, in line with international norms, to which all operators are progressively being held. Ten operators have already been accredited by the NRA in 2009 and five more, including four Lao commercial operators and the Army, are working towards accreditation. In addition, there are five organizations carrying out risk education with guidance and support from UNICEF, and many more providing assistance to victims.

Over time, UXO Lao, the national clearance operator, as well as the other operators working in the country have become significantly more efficient, adopting new technologies and methods to increase their productivity. Together, they have been able to clear about 24,000 hectares of land since the programme began in 1996, of which 65% for agriculture and 35% in support of development projects. However, last year alone they cleared some 5,800 hectares, which indicates a considerable increase in productivity.

Since Laos is the country in the world most affected by cluster munitions on a per capita basis with a strong and efficient UXO programme, its active participation and leadership role in the international movement to ban cluster munitions and the Oslo process was in many ways to be expected. And yet, if you consider that in the region, only two other ASEAN countries, Indonesia and the Philippines, have signed the Cluster Munitions Convention so far, the role played by Laos, its advocacy role in particular, is unprecedented. The commitment of the Lao Government to the Convention on Cluster Munitions was further reaffirmed with its offer to host the First Meeting of States Parties, one year after the Convention enters into force, which will probably mean at the end of 2010.

The revision of the Sector Strategy, “the Safe Path Forward,” was carried out in a very inclusive manner this year to take account of the new circumstances and make the strategy relevant and appropriate in today’s context. The result is a solid but succinct document, which offers a clear long-term vision for the Sector, as well as a strategic goal to be achieved by 2020. What it suggests is a compact between the Government and Development Partners over the coming 10 years. Under this compact, the Government will strengthen its leadership and ownership of the UXO issue, and develop a sustainable national capacity fully integrated into its regular institutional set-up by 2020. Development Partners on the other end will endeavor to provide increased and coordinated international assistance over the 10-year period in order to help meet the objectives of the Oslo Convention and the Strategy. We call upon all of you to give full support to the revised Strategy and its implementation.

Although the UXO Sector is overall in a very good shape, several challenges remain. One of them is *Coordination*. Coordination within the Sector is generally good, but coordination with other development sectors and with local authorities needs to be strengthened. Even though the UXO problem is a cross-cutting issue which impacts on virtually all aspects of development, it has often been neglected by various partners in their development planning. This is an issue that the NRA is trying to address and that requires commitment from all stakeholders.

Another challenge is *Funding*. Although there have been several Lao Support Group meetings around the world during the last few months showing their interest to assist the Lao PDR in organizing the First Meeting of States Parties and in implementing the obligations of the Convention, we cannot be complacent, especially in this period of financial crisis. The NRA reports indicate that ODA flows into the sector have decreased by 23% between 2006 and 2008. This is a matter of concern and it is incumbent on all of us to ensure that the unique operational as well as political circumstances that prevail today in the fight against cluster munitions are taken full advantage of for the benefit of the affected communities.

Thank you.

Annex 18:

Joint statement on Drugs
by Dr. Bounpone SIRIVONG, Deputy Head of Permanent
Secretariat of the Lao National Commission for Drug Control

**Joint Statement of the Illicit Sector Working Group issued on behalf of the
Lao National Commission for Drug Control and Supervision, the
Australian and Japanese Embassies on behalf of the Mini Dublin Group
and the United Nations Office on Drugs and Crime.**

**Delivered by
Mr. Kou Chansina, Vice-Chairman of the Lao National Commission for
Drug Control**

Your Excellency Dr. Sinlavong Khouphaythoune, Minister of Planning and Investment,

**Your Excellency Mme Sonam Yangchen Rana, United Nations Resident Coordinator
and UNDP Resident Representative,**

**Excellencies,
Distinguished Guests,**

Established in 2007 the Illicit Drug Sector Working Group is chaired by the Chairperson of the Lao National Commission for Drug Control & Supervision and co-chaired by the Chairperson of the Mini Dublin Group (who is alternatively the Australian Ambassador or the Japanese Ambassador to the Lao PDR) and the Representative of UNODC.

The illicit drug sector working group has combined regular meetings to exchange information and identify priorities with field visits to better understand issues and discuss responses.

The group includes relevant Government agencies, the Mini Dublin Group, Representatives of ASEAN countries, MOU members which include Russia, South Korea, India and the GMS countries, international organizations and certain NGOs.

Laos faces the challenges by the need to sustain opium elimination, treat and rehabilitate remaining opium addicts. There is also the need to address increasing transnational trafficking of other drugs such as heroin and ATS as well as to meet the challenges of increasing drug abuse and related crime.

The new drug law was promulgated by the President of Laos in January 2008. The Central Drug Control Steering Committee chaired by the Prime Minister was established later.

The illicit Drug Sector Working Group in early 2008 requested UNODC to assist the Lao Government to develop a new comprehensive drug control master plan 2009-2013. The master plan was approved by the Government in March 2009.

A sub-working group for drugs and a sub-working group for crime were established to support program development and implementation of the master plan.

A balanced approach program strategy was developed to address illicit opium production and consumption and expanded to address the ATS as well as other illicit drug threats. A drug law enforcement strategy is being developed to address drug related crime issues.

A key issue for consideration is the need to increase alternative development and sustainable livelihood options as well as to mitigate human security threats to vulnerable communities in 32 former opium poppy growing districts including in the 47 poorest districts.

Another key issue is the need to increase support to criminal justice responses to the threats posed by drugs and related transnational crime which could seriously undermine national security and stability and thus national social and economic development.

Most importantly the 7th National Socio-economic Plan should include support to implementation of the Comprehensive National Drug Control Master Plan as a priority cross cutting issue.

The National Drug Control Master plan addresses the recent rise and proliferation of illicit drug production, trafficking, abuse as well as related criminal activity in the Lao PDR. The Master plan responds to the heightened risks this activity poses to the country's social order and national stability through a comprehensive strategy. The Master Plan includes the following nine pillars.

- 1 Trend Analysis and Risk Assessment
- 2 Alternative Development and Poverty Reduction
- 3 Drug Demand Reduction especially ATS as well as HIV & AIDS Prevention
- 4 Civic Awareness and Community Mobilization
- 5 Law Enforcement
- 6 Criminal Justice and the Rule of Law
- 7 Chemical Precursor Control and Forensics Capacity
- 8 International Cooperation
- 9 Institutional Capacity Building

Drugs and their related problems are a global problem. The Lao PDR is not able to address these problems alone and requires the help of the global community and international organizations to address this serious threat in a joint collaborative effort.

The Lao government welcomes all assistance to achieve the goal of creating a happy drug free, prosperous society, and work towards the vision of a drug-free ASEAN by the year 2015.

Thank you.

Annex 19:

Presentation on Natural Resource Management
by H.E. Mme. Khempheng PHOLSENA, Minister to the
Prime Minister's Office, Head of Water Resource and
Environment Administration

Statement on the Natural Resource Management
By
H. E. Mme. Khempheng Pholsena
Minister to the Prime Minister's Office
Head of Water Resource and Environment Administration

**Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,**

It is indeed my great honor and privilege to be with you today and represent the WREA at this Round Table Implementation Meeting. May I take this opportunity to warmly congratulate the MPI for organizing this important event and for the excellent arrangements made for the meeting. My thanks also go to the UNDP and our development partners for their strong support to the RTM process and the Vientiane Declaration.

Mr. Chairman

It is well known that the Lao PDR has a rich endowment of natural resources and is also blessed with great biodiversity including some of the most exotic species in Southeast Asia, forest cover spanning over 40 percent of its territory, 21 National Protected Areas with important copper and mineral resources and a great potential for hydropower development thanks to the Mekong's flow. But with great resources comes great potential as well as a number of challenges that must be overcome for Laos to achieve its goals of eradicating poverty. While the country is striving to achieve strong economic growth, the government is committed to safeguarding the environment and natural resources. In the past few years, the Lao government has taken significant steps to ensure our natural resources are sustainably utilized and protected. The creation, for example, of the WREA in July 2007 clearly demonstrates this commitment.

As development around the world during the past centuries has shown us, unless the development of these natural resources is done in a sustainable manner, we will exhaust them. Laos' goal is to be able to develop its resources in a social, environmental and economically sustainable manner so that the country as a whole, the environment and the people, including future generations can benefit. In this respect, I am proud that the WREA is one of the key agencies contributing to this effort in Laos.

Significant progress has taken place over the past years paving the way for Laos to be successful in overcoming its most pressing challenges. These include strong economic growth, mainly driven by hydropower and mining resources, which need to be sustainably developed. There have also been key improvements in the country's environmental policies aimed at protecting Laos' valuable natural resources as reflected by the recent approval by the government of the EIA Decree and the finalization of the Compensation and Resettlement Guidelines as well as the revision of the environment protection law and the finalization of national environment quality standard. Essential social policies aimed at fostering inclusive growth so that all segments of society benefit, including the most vulnerable. Vital private sector investment, mostly foreign but increasingly domestic, has come into the country helping to drive growth and to develop multiple sectors across the society.

Selected large mining and hydropower investments show it is possible to sustainably, and profitably develop the country's natural resources. Whether the Sepon gold and copper mine in Southern Laos or the Nam Theun 2 Hydropower project in central Laos, responsible

private sector investment coupled with strong government policies are allowing for resources to be used in an environmentally sustainable fashion, with social policies designed to help the local populations benefit, and with economic policies that are targeted at increasing revenues for the whole country. With a great deal of potential and interest in both these sectors, furthering the lessons from both these projects will be essential in order for Laos to continue to develop its natural resources in a sustainable and effective manner.

With current global trends, including the rise in fuel prices and the need for more 'green' energy, there is potential that hydropower development will draw growing interest from investors. As a country with extensive water resources, Laos has the potential to draw vital revenues from this sector and it will work to ensure that these investments are carefully considered, particularly those on the Mekong mainstream. Careful and thorough social and environmental analysis will need to be carried out in consultations with stakeholders to ensure that hydropower developments in Laos are green, clean, socially and environmentally sound and that they benefit the local populations and the greater country.

Mr. Chairman,

Laos has a truly large water resource, particularly when this is placed in the context of our limited arable land and low population. While Laos forms about 25% of the area of the Mekong Basin, it contributes 35% of the Mekong river's annual flow. As well as meeting the living needs of our people, this large water resources provides a wonderful opportunity for the Lao government to meet its objective of moving from least developed nation status by 2020 whilst, at the same time, contributing to Mekong Region's economic development.

The Lao government has adopted an integrated approach to water resources management. This is requiring changes in the coordination of water resource development. The new approach is also requiring the revision of the water law and organizational changes leading to the establishment of WREA.

Based on the country's experience in the development of Nam Theun 2 environmental and social safeguards, as well as in implementing the Nam Ngum River Basin Development Project, the WREA is preparing a natural water policy and strategy. Under this water policy, river basin organizations will apply IWRM principles, with wide participation of stakeholders, in water resources planning and management. This participation extends well beyond consultation. It involves the local community in the planning, implementation and monitoring process.

Water resources will be managed to meet basic human needs and to maintain river health. An early warning system is being developed to protect communities from the impacts of natural disasters. Water use efficiency will be promoted to increase the benefits available from water infrastructure. Benefits from water users, such as mining and hydropower, will be shared in a way that protects and sustains water resources and aquatic systems.

Recognizing these shared development opportunities and pressures, the Mekong River Commission has been active in developing the regulatory rules for coordinating development and for ensuring the sustainable development of the river basin. Procedures for water utilization including for notification of planned developments have been developed and are being further operationalised, the framework for sustainable water resources development is being developed through a Basin Development Plan and includes assessment of a range of major development opportunity throughout the river basin and study of their downstream and environment impacts. In particular the impact of mainstream dams on the important natural fishery of the Mekong river is being studied closely and will continue to inform decision

making. For its part, Laos is a willing partner and continues to inform and support the MRC in its investigations of the impacts of development projects throughout the Basin.

However, we are fully aware that there will be increasing challenges in achieving real water security and balancing the use of water for national economic growth and conservation for future generations. For example, we are undergoing and planning for rapid hydropower development in the country. While hydropower has many global and local environmental benefits, development needs to be carefully planned and managed. We need much stronger hydrological information and modeling capability on which to plan for hydropower development and downstream flood mitigation. Water quality considerations in reservoir as well as downstream are very important. Reservoir area and upstream watersheds must also be well managed, both for local social economic benefit and to reuse sedimentation and other impacts on reservoirs. Management of water resources for other types of development is also important. Our mining industry is expanding and water quality monitoring and safeguards are needed to protect downstream water users. Irrigation development and upgrading, domestic and industrial water supply and waste management and tourist development are also areas which we will be watching and seeking to manage carefully. In addition, climate change may create changes in flood and drought risk, both of which could be serious for us.

Although our country has embraced the IWRM principle, I must frankly say that we are still lagging behind in terms of knowledge and depth of human and institutional capacity. IWRM is a still relatively new concept in our country. We lack the necessary technical skills, information based, research capacity and practical experiences in order to manage water in a successful way. But there is a strong commitment from our government to implement 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 implementation of IWRM in Lao PDR. We are working urgently to improve our capacity to ensure water based or impacting developments are sustainable. To this end, we have commenced preparing river basin assessments and plans in some of our major river basins so that water can be shared sustainably between the many water using sectors as well as to meet our downstream obligations for the Mekong river. We are also strengthening our approach to Social and Environmental Impact Assessment and follow-up monitoring and compliance.

As always, information and knowledge management capacity hampers water resources planning, decision making and management including the mitigation of natural disasters. We are furthering our monitoring and knowledge platforms for surface and groundwater. At the transboundary level, procedures for data and information exchange and sharing, and water use monitoring are all important, and have been agreed. This highlights an additional and beneficial dimension of transboundary cooperation in order for there to be consistent standards and data sharing approaches.

Ladies and gentlemen,

All of us here recognize that our world is changing, and that it is changing fast. More importantly, is the changing nature of our world due to climate change and the climate change is real. It is not a fiction. And it threatens our lives and the lives of everyone on this planet, in particular the poor and disadvantaged are hit the hardest.

The Lao Government is fully committed to the fight of the international community against climate change. In the past few years, 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. We are also strengthening our capacity to implement and promote CDM projects and are

implementing the Forest Carbon Facility Partnership to prepare for implementation of the REDD. A National Steering Committee and 8 TWGs on Climate Change has been established in 2008 to oversee the preparation of the National Strategy and Action Plan on Climate Change.

In order to successfully realize the above-mentioned activities, as low emission country, Laos needs substantial technical and financial support for adaptation to climate change. This include 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 programmes.

We are convinced 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 Copenhagen 2009 and beyond 2012.

Mr. Chairman,

Let me take this opportunity on behalf of WREA to convey our sincere appreciation and thanks to our development partners from the international financial institutions, bilateral and multilateral organizations and INGOs who have been supporting and continue to supporting 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 and integrated water resources management, as well as in addressing climate change impacts. WREA remains committed 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 20

Presentation on Natural Resource Management
by H.E. Mr. Somboun Rasasombath
Vice-Minister, Ministry of Energy and Mines

Statement on the Natural Resource Management
By
H. E. Mr. Somboun Rasasombath, Vice-Minister of Energy and Mines

**Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,**

On behalf of Ministry of Energy and Mines, it is a great pleasure for me to deliver the keynote address at the National Resources Management Round Table Meeting. I agree with the reports presented previously and would like to present the Ministry of Energy and Mines on natural management in related to the development of energy and mines and the future plan and mechanism to address this issue as follows:

I. Overview on energy and mines sector development

Lao PDR is rich in natural resources particularly water resources and minerals, which is the potential resources for socio-economic development of the country, however the exploiting and utilizing of the natural resources is the most challenge with high risks as can be seen through several successful and harmful stories in many countries in development of the sector. The lesson-learned in the past 20 years shows that the development of energy and mining sector have been continuously growing from most conservative to the more legally controlled and sustainable manners.

This succeed of the sector development are exemplifies through such activities are conducted in an environmentally and socially sustainable manner, while making a significant contribution to the economic development at all levels of society, component of domestic increases from 3% in the year 2000 to 10% in the year 2009.

Investment in the sector increase both quantitative and qualitative terms. To date, there are 75 hydroelectricity projects, in which 10 projects are already in operation, and 41 projects have signed MOU, and 16 projects have signed the development contracts, and 8 projects have signed the construction contracts whereas 7 projects are under urgently process to meet the deadlines such as:

- Namtheun 2 (construction completed 100% and about to produce the electricity),
- Namgeum 2 the construction completed 80%),
- Sekaman3 construction completed 56%,
- Xeset2 completed 100% and the electricity being supplied,
- Nam-Leek 1, 2
- Namgeum5.

Apart from these, there are several hydroelectricity projects under preparation for construction. These sources of energy make a significant contribution to the economic development at all levels of society particularly in supplying the electricity to focal areas, factories, trades, services, which contribute to the poverty elevation for the Lao people as a whole. It will also provide sufficient electricity to meet the demand after the year 2012.

However, the development of electricity energy is still delayed and has not yet reached the target due to the lack of capable/skilled human resources particularly the investors or external factors (electricity charges, economic crisis, source of funds) that affects the project and some projects face other complicated and sensitive issues such as: relocation of population who

being effected by the projects, environmental projection, impacts to ecological damage and communities, society and so forth...

Investment for mining is also growing very fast, to present, there are 156 investors / companies with 266 activities have exploration, survey and exploitation of the mineral whereas some are being exploitation such as: gold and copper exploitation and processing in Vilaboury District, Savannakhet Province and in Xaysomboun District, Viengchan Province and other places. Apart from the mine is proving highly profitable and is generating royalties for the Government; it has also contributed to the development of local infrastructure and socio-economic foundation, poverty eradication, job creation and so on. To date the mining concessions have been excessively granted and over the management capacity both at central and local levels. Beside this, there are several issues arise such as: some projects are not compliance with the law and regulation, contract agreements and investment procedures, overlapping of concessions areas, impacts to the social and environment, delayed project completion and so forth.

Therefore, there is a need to strengthen the management mechanism toward the development of the natural resources.

II. Mechanism to enhancing of energy and mines sector management

To ensure the sustainability of the exploitation and maximum utilization of the natural resources particularly the electricity and minerals, several mechanisms need to be in placed such as:

1. Legal arrangement:

- Continue improve the existing legal and regulations related to electricity and mining that currently in effect, both at central and local levels in order to ensure that people at all level know and understand the implementation of such legal instruments particularly the Law on Electricity, Law on Mines, Law on Environmental Protection, Regulation on Electricity Technique Standards, Regulation on Exporting of Minerals and so forth....
- Continue to complete legal and regulation related to the development of energy and mines particularly the Mining Law, Promotion of Investment Law, Decree on Environmental Impact Assessment, mining regulations, and so forth
- Increase enforcement of the Law; improve transparency, using appropriate penalty tools for persons who violate the law, regulation or contract.

2. Capacity building and organization improvement:

- Improve cohesive organization/governance at central and local level, with emphasis on horizontal department at the provincial and district levels together with the arrangement or recruitment staff to be sufficient to the requirement.
- Develop appropriate regulation, coordination mechanism to facilitate and enable investment environment for the electricity and mining sector.
- Capacity building for human resource both qualitative and quantitative manners to response to the new tasks in each stage. This capacity building process need to be continuously conducted with improved curriculum and courses in the universities, vocational training centers, colleges and so on. Moreover, training on other relevant technical aspects needs to be done such as: project financial analysis, project social and environmental assessment, law, accounting and so forth.
- Improve monitoring and evaluation of the electricity and mining activities with priority given to the local ownership on regular monitoring. Also classified the

investment projects into strong, middle and need improvement types for reporting to the higher management.

3. Process:

- Improve and strengthen one-door investment system for ease process, improve transparency, avoid tardiness, red-tape / delayed in project approval or not approval.
- Clearly deconcentration structure in review and approve the project to avoid overlapping and potential gaps that may occur.
- Focus on project feasibility study and strictly follow the investment procedures particularly the environmental impact assessment, relocation plan, especially the middle and large project with high potential impact to environmental and society that have been certified by the Water Resource Environmental Agency, and if the strategic and large project have to be certified by the National Assembly.
- Develop appropriate regulations on environmental protection and ecological fund such as: Payment for Eco-system (PES) which reserves some revenues from the project whereas there are several regions and sub-regions have been successfully utilized.
- The Government must invest in the survey activities for some minerals that would be benefits to the economy especially in the reserved areas to obtain details information and find appropriate investors.

Finally, I would like to thank you for your attention and conclude my report. May I wish H.E Bouasone Bouphavanh, Prime Minister of Lao PDR and distinguished guests healthy and every success and reach the productive meeting result.

Thank You

Annex 21:

Statement on Natural Resource Management by World Bank

Round Table Implementation Meeting
3rd November 2009
International Cooperation Training Center (ICTC)

**Statement on
Sustainable Management of Natural Resources in Lao PDR**

PART ONE

Lao PDR is blessed with an abundance of natural resources – land, water, minerals, forests and biodiversity – that have sustained its people for generations. Following the country's transition to a market economy, natural resources have been an important driver of growth and poverty reduction. In recent years, the demand for the country's natural resources has exponentially increased. On one hand, this has enabled the country to post high growth rates and accelerate poverty reduction efforts; on the other hand, new challenges have emerged around governance, equity and sustainability. As the country progresses towards realizing its 2020 vision of entering the rank of middle income countries, some of these challenges are likely to be get amplified. Fortunately, the development of natural resources is still at an early stage allowing for it to be well planned and managed. The forthcoming seventh National Socio-Economic Development Plan (NSEDPP) represents a key opportunity to consider the challenges, opportunities, trade-offs and future directions for sustainable natural resource management.

This Statement builds on the discussion note that was presented at the last RTIM, and recommends *six key themes* that are essential building blocks to ensure sound management of natural resources for the benefit of the Lao people. These are summarized below and detailed later in this Statement:

- First, the importance of good governance, transparency and accountability. Effective governance of natural resources requires a coordinated approach along the natural resources value chain, from extraction/production to development outcomes.
- Second, as projects are being developed and revenues are generated in the resource industry, equitable distribution across all levels of society and promotion of a good investment climate in the non-resource industry will be important for inclusive and broad-based development.
- Third, the question of sustainable agricultural development and land management is crucial, in particular because agriculture remains for the foreseeable future the main source of livelihood for the majority of the Lao population.
- Fourth, it is vital that the social and environmental sustainability is encouraged and local people impacted by projects are protected and ultimately benefit from the project's developments.
- Fifth, the need to enable and encourage private sector partners that are responsible and can work together with Government for the benefit of the country.
- Sixth, climate change represents both a challenge and an opportunity for the country.

A Discussion Paper on this topic was presented at the last RTIM and supported by several Development Partners. This Statement builds on this paper. Since the last RTIM, dialogue and engagement on five of the six themes have been taking place through a Consultation Process led by the Prime Ministers' Office. We look forward to advancing our work through this process, and the different Sector Working Groups that will enable cross-sectoral, multi-

ministerial and high-level policy inputs for analyzing the challenges facing Natural Resources Management.

This Statement was extensively discussed among many Development Partners and they share the views expressed in this statement.

PART TWO

Lao PDR has achieved *solid economic and social progress* over the last two decades, making substantial advances in reducing poverty and improving the quality of life of its citizens. According to World Bank data, GDP growth in Laos has averaged over 6 percent since 2000, and poverty incidence fell from 46 percent of the population to 33 percent between 1992 and 2003. Laos is among the countries that are weathering the economic crisis well and -- provided macroeconomic and structural policies remain on track -- it should come out stronger. GDP growth is estimated by the World Bank at 6.4 percent in 2009 and projected at about 7 percent in the following years.

The *sustainable and accountable development of these natural resources is perhaps one of the most important challenges* faced by the Lao PDR in the years ahead. As in other countries around the world, the people of Lao PDR have long relied on their natural resources to support their own livelihoods and build their economy. For many years, timber was a key natural resource but more recently hydropower, mining, and commercial plantations have emerged as major drivers of growth and public revenue.

Already natural resources are helping generate economic growth that is reducing poverty and improving social outcomes for Lao citizens. At a local level, the sustainable use of natural resources can help people live in harmony with their environment and leave sufficient resources for future generations. Managing natural resources can be extremely challenging and there are contrasting examples. Some countries have turned their natural resources into society-wide benefits through policies and institutions that support sound accountability mechanisms, stable fiscal management, an enabling environment that attracts quality investments by the private sector, and effective implementation of social and environmental policies. They have embarked on broader economic reforms that promote high growth, faster poverty reduction, strong fiscal position and lower debt. Some other countries have struggled with the adverse consequences of a “resource curse” brought on through unsustainable exploitation of natural resources resulting in irreversible degradation of the environment, reduced economic competitiveness, and destabilizing social consequences.

Lao PDR is fortunate to be at a stage in its development when *the management of its natural resources can still be well planned*. Already there are some emerging examples of high quality investments that are promoting the sustainable management of the country’s natural resources. The Government has also embarked on transforming its policy, institutional and legal frameworks for sustainably managing its natural resources. In the past few years, the Government has enacted a national policy on sustainable hydropower development, amending or drafting several laws and decrees relating to environment, river basin and watershed management, forestry and biodiversity, land, minerals, and hydropower. Government has created new institutions like the Water Resources and Environment Administration and National Land Management Authority in the Prime Ministers’ Office and a Ministry of Energy and Mines, and strengthened the Ministry of Agriculture and Forestry. Moving forward, implementing these new policies and legal frameworks and strengthening the capacity of these new institutions at the national, provincial and district levels will be essential for better development results. Greater use of knowledge, technical expertise and the

dialogue platform offered by the Mekong River Commission (MRC) could be made. MRC is a regional institution with the mandate of working on strategies for the sustainable development of water and related resources for its member countries' mutual benefit and peoples' well-being.

The forthcoming *seventh National Socio-Economic Development Plan* (NSEDP) constitutes a good platform to lay out clearly and directly the opportunities, challenges and trade-offs involved in sustainable natural resource management. This Statement recommends six **key themes** as essential building blocks to ensure sound management of resources for the benefit of Laos' people. These are: (i) good governance; (ii) managing equitable growth; (iii) balanced development of the agricultural sector; (iv) social and environmental sustainability; (v) a responsible private sector; and (vi) addressing climate change.

First, the importance of good governance, transparency and accountability. Effective governance of natural resources requires a coordinated approach to the award of concessions and licenses, the regulation and monitoring of operations, the collection of taxes and royalties, as well as revenue distribution and management. International experience suggests that it is possible to create natural resource governance arrangements that achieve these results through a combination of quality government institutions and quality private investment. Some of these ideas are being advanced in the case of a few projects in Laos. Practically, this often includes upstream analysis of sector or country needs (such as how to optimize investments across a river basin); a transparent and objective approach to awarding concessions; well-defined institutional responsibilities across government so that agencies at central and local levels are aware of their mandates and are able to coordinate with each other to ensure effective negotiation, monitoring and enforcement; a standardized and transparent fiscal regime for concessions; and strong public financial management and procurement systems, including judicious allocation of public investment in order to translate revenues from natural resources into long-term sustainable development. Where revenue streams are volatile, such as for mining, many countries have benefited from a system that allows saving part of the revenues to ensure manageable macroeconomic impacts, smoothed spending, and an opportunity to share benefits with future generations through securitization of assets as well as effective investments in infrastructure, education and technological progress.

Such steps are designed not only to boost the Government's capacity to get the most out of the country's natural resources, but also to systematically increase the quality (rather than just quantity) of private investment in natural resources.

Second, as projects are being developed and revenues are generated in the resource industry, equitable distribution across all levels of society and promoting a good investment climate in the non-resource industry will be important for inclusive and broad-based development. It is the role of Government to ensure that natural resources are used to reduce poverty, initiate economic development that sustains beyond the life of the extractive industries, and improve the lives of all in an inclusive way. It is important that natural resource revenues translate into solid development outcomes, and Government is encouraged and supported to achieve this. The work being done by Government, through the PFMSP, and particularly on the use of Nam Theun 2 revenues is making a start. As importantly, structural reforms to facilitate private investment on a level-playing field in the non-resource economy is key to ensure broad-based growth by private sector development, diversification of exports and domestic production. Job creation would be one of the main objectives of such program.

Third, the question of sustainable agricultural development and land management is crucial, in particular because agriculture remains for the foreseeable future the main

source of livelihood for the majority of the Lao population. Resource based projects should be carefully balanced with the necessities of the agricultural sector and rural populations. This is crucial for nutrition as well as food security, and is also the basis of a sustainable management of natural resources. Inadequate market liberalization for agricultural products, inappropriate contract farming, displacement of rural land owners as well as delayed land titling activities could undermine progress in rural development, particularly for small scale farmers, and the creation of a vibrant small and medium sized enterprise sector. There is also a need to carefully balance land needs between investors and local communities in developing land ownership policies. The need for investment should also be seen in the agricultural sector as the need to “invest in farmers”, promoting small scale agriculture and producer’s organizations that provide a means for adding value to local products and thereby reduce poverty in the rural areas.

Fourth, it is vital that the social and environmental sustainability is encouraged and local people impacted by projects are protected from harmful consequences and ultimately benefit from the projects’ developments. Natural resource extraction has impacts on the surrounding environment and local populations that rely on these resources. There is an urgent need to undertake more upstream analytical thinking and strategic work that will enable informed decisions to be taken on managing the complex ecosystems of the country. To develop hydropower projects, for example, villagers may need to be resettled, others may lose land, and there may be significant changes to a river’s natural water regime that impacts the villager’s ecosystems, food security and livelihoods. These impacts need to be properly assessed beforehand in order to develop effective social and mitigation environmental programs. The new Department for Environment Impact Assessment (EIA) in the Water Resources and Environment Agency is a good step in this direction, and the enactment of the new decree for EIA is well advanced and expected to be completed at the end of the year. Lao PDR may learn from other countries who have found that EIA processes can sometimes be undertaken too late; early, strategic impact assessment of major proposed interventions can save time and money, and contribute to better decision-making.

Fifth, the need to enable and encourage private sector partners that are responsible and can work together with Government for the benefit of the country. Lao PDR is an increasingly attractive destination for private investment, thanks to a more friendly investment climate and the lure of the country’s natural resources. Attracting quality investment through good governance arrangements was discussed above. In addition, government can encourage good corporate governance by the private sector by setting up the appropriate legislative, regulatory and monitoring framework, and by encouraging private investors to work within voluntary global industry codes of practice. In addition, having in place an integrated land management plan which the private sector can use to guide their investment proposals would be helpful in making opportunities more predictable for the private sector. Collectively these actions will encourage private investments to yield the promised returns, preserve natural endowments, protect livelihoods and mitigate social and environmental impacts.

Sixth, climate change represents both a challenge and an opportunity for Lao PDR. Recent scientific data and analysis suggests that climate change could set back the many achievements to date, including progress on Millennium Development Goals. Extreme weather events could have considerable impacts on infrastructure, water resource management, agricultural productivity, health and vulnerability to natural disasters, among other issues. Understanding these challenges, developing policies, and building the institutional capacity to manage the consequences of climate change are key. Laos stands to benefit from current mechanisms or any new financing architecture for controlling the

emissions responsible for climate change. Adaptation programs can help to improve climate resilience of the country in many sectors including agriculture, water resources management and infrastructure. Though a small emitter, Lao is already taking advantage of the Clean Development Mechanism and also receiving support from the international community for Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD) through some pilot activities.

In the coming years, it is important that continued support is extended to Government and private investors to help ensure that the country's resources are sustainably managed, the economy continues to diversify, benefits of growth are equitably shared so that poverty in Laos can continue to be reduced, adequate actions are taken to adapt and mitigate climate change, and capacity is built at all levels.

Annex 22:

Joint Statement on the Outcomes of Provincial Conference in
Xayabouly and Update on the VDCAP
by Mr. Somchith INTHAMITH, Director General,
Department of International Cooperation, Ministry of
Planning and Investment

**Joint Statement on Outcomes of the Provincial Conference in Xayaboury
and Update on the Vientiane Declaration Country Action Plan**

Delivered by
Mr. Somchith Inthamith
Director General
Department of International Cooperation
Ministry of Planning and Investment

Secretariat of the Vientiane Declaration and Country Action Plan

Your Excellency Dr. Sinlavong Khoutphaythoune, Minister of Planning and Investment,

Your Excellency Mme Sonam Yangchen Rana, UN Resident Coordinator and UNDP Resident Representative,

Excellencies,

Distinguished Guests,

I am pleased to deliver this joint statement on behalf of the Secretariat of the Vientiane Declaration and Country Action Plan.

I would like to start by expressing our appreciation to the various Sector Working Groups for the work they have done throughout the year and in the lead-up to this meeting. I realize that this has been at times very intense, but I also think that it has strengthened the linkages between initiatives taken at sectoral level and the national Round Table Process, which is a positive development.

Our efforts to ensure all voices from all levels are heard and taken into account for the development of our countries have been galvanized within the Round Table Process. Like previous years, our today Round Table Implementation Meeting has been prepared and is now taking place as a culmination of the work undertaken by the Sector Working Groups as well as deliberations and outcomes of the pre-consultations on key topics. This included the Xayaboury Conference on aid coordination and aid effectiveness, as well as the Oudomxay joint Government and Development Partner field visit.

While some SWGs are more advanced than others, it is good to see that they are now all operational and that the establishment of new sub-working groups, on trade and private sector, the legal sector, and public service improvement in particular has allowed more technical discussions around specific themes. A number of groups are already discussing Sector Wide and Programme Based Approaches, pooled funding arrangements, and ways to increasingly use the country's own systems.

Quarterly Chairs and Co-chairs meetings were held during the year to facilitate the exchange of lessons learned. In 2010, we will try to focus more on the identification and dissemination of replicable best practices.

An important innovation of the year was the organization of the *Xayaboury Provincial Conference on ODA Coordination and Effectiveness for Achieving the MDGs*. This event took place in October with the participation of representatives from line ministries and eight Northern provinces as well as many development partners. It was a first attempt at bringing the aid effectiveness agenda and our discussions closer to the realities of the ground. Very positive feedback was received about this initiative and we will need to do more of this in the future.

The statements that we have heard today from all sectors indicate that much progress has been made during this third year of implementation of the Vientiane Declaration on Aid Effectiveness. This reflects the firm commitment of the Lao Government to own and lead the development process, as well as the commitment of all partners to strengthen partnerships and synergies. However, many critical actions of the Vientiane Declaration Action Plan remain to be implemented and there is still a long way to go to fully realize all the principles that we have collectively adopted in 2006.

The assessment completed in 2008 suggests that while development partners place a growing emphasis on managing for results and certain aspects of mutual accountability, as well as harmonization, the Government tends to be more concerned with strengthening ownership and ensuring that country systems are used. If the goals and targets of the VDCAP are to be met, all pillars of the Vientiane Declaration need to receive equal attention.

In addition, broader participation in the process is required. The Accra Agenda for Actions (AAA), which is currently being incorporated in the VD CAP, clearly recognizes the need to involve all stakeholders, including civil society organizations, the private sector and non-traditional donors. This will only happen if more emphasis is placed on outreach, training and capacity building activities, which is why the Secretariat will give priority to such activities next year.

The VDCAP is a key instrument to bring about improved development outcomes and it will only be fully effective in achieving these if it is made mutually complementary with measures in other policy areas and if its wider context is understood. Therefore, progress in implementing much of the aid effectiveness agenda is contingent upon progress at the *sectoral* and *provincial* levels. This is another issue that requires increased attention. The VD CAP has to be operationalised at the sectoral and provincial levels. SWGs are encouraged to take a proactive role in this regard and to identify their own priorities within the VD CAP to promote stronger government ownership and partnerships. Whenever possible they should use common assessment methodologies and systems and develop programmatic approaches that reduce fragmentation.

At local levels, priorities amongst many competing demands will only be established if coordination is strengthened. This was clearly highlighted by the Xayaboury Provincial Conference. Likewise, more needs to be done to link local priorities to development planning at the central level so that resources are efficiently targeted.

The Xayaboury Conference also emphasized the importance of promoting demand-driven initiatives in order to strengthen community ownership and ensure sustainability. It stressed the importance of building local capacities so that ownership in practice does not remain heavily weighted in favour of central players and does not exclude sector and sub-national players. Sufficient resources will need to be allocated for this purpose and most importantly we - the government, development partners and other stakeholders will need to build and adapt the capacities of our technical staff to meet the evolving challenges of aid management.

Political and financial support needs to be coupled with practical guidelines to ensure that implementation takes place. To accelerate VD CAP implementation, both the Government and development partners will need to work together to clarify important concepts and definitions, such as those relating to Programme Based or Sector Wide Approaches, managing for development results, and mutual accountability. In this regard, we are pleased to note that a number of interesting studies are being conducted, on the Programme Based Approach and the joint initiative with Cambodia and Viet Nam on the mutual accountability in particular. This will help ensure that all stakeholders share a common understanding on critical issues and that we can move forward in a coordinated manner towards a common goal.

Excellencies,

Distinguished Participants,

The Government has always emphasized the importance of the Round Table Process which focuses on what needs to be done, how it should be done, and how much is required to do it.

The Government of Lao PDR has taken several steps to enhance the Round Table process and mechanisms. In addition to the strengthening of the Sector Working Groups, our Government has issued the new ODA Decree no.75 to further define the roles and responsibilities of Government Agencies in the management and coordination of ODA, hence clarifying and simplifying the process both for the Government and Development Partners, creating a stronger aid coordination and aid effectiveness platform and strengthening the GoL leadership and ownership over the development process.

Looking back simply over the past three years, it strikes me the extent to which our Government and Development Partners have been able to achieve through the Round Table Process such as:

- (i) Common understanding on a number of development strategies, economic and institutional reforms as well as sectoral programmes;
- (ii) Steady increase in budget resources devoted to development especially the agreed priority sectors; significant and steady mobilization of ODA which is estimated at a level of USD 560 million in Financial Year 2008-09 compared to USD 413 million during the previous year and USD 387 million in 2004-05;
- (iii) Bringing on the table salient and emerging issues to be discussed in a transparent and open manner. For instance, it is the last RTiM that has placed the nutrition and food security challenge on the top of our collective agenda. Key reports and findings were tabled and reviewed at this meeting and a commitment to act was made. We are now working on implementing policies and strategies which were formulated as a direct result of it; and
- (iv) There has been, especially over the past two years, a focused discussion on the need to pay stronger attention to the social sectors and the Millennium Development Goals. As a result and upon the explicit instruction of the Prime Minister, the MDGs have since become a central part of our planning process for the current NSEDP and the next 5-year plan.
- (v) The joint Sector Working Groups, established in 2005 and undertaken in the spirit of harmony and cooperation, are now all fully operational and are working to support both the current plan as well as the development of the 7th NSEDP 2011-2015.

Excellencies

Distinguished delegates

Ladies and Gentleman

If we are able to agree more on what needs to be done, there is also a growing consensus on how things should be done. The adoption of the Vientiane Declaration in 2006 and of the Country Action Plan in 2007 were in this respect turning points. The implementation challenges remain huge but at least we now have common principles and agreed goals and targets, which is a major step forward.

The update of the VD CAP is timely. Not only does it allow us to incorporate the Triple A agenda, but it also provides an opportunity to identify priorities and practical ways of accelerating progress. We appreciate all the comments and suggestions received so far, which we have tried to reflect in the latest draft that is being circulated at this meeting. We count on your continued support to finalize this process by the end of the year.

Today's RTIM provides an opportunity to reconfirm our commitment to take forward the aid effectiveness agenda and to focus on concrete actions that will help translate the Vientiane Declaration into concrete results. Let us work together to maintain the momentum and to identify good practices that will distinguish Laos at the next OECD DAC High Level Forum in Seoul in September 2011.

On behalf of the Secretariat, I would like to once again thank all partners for their active participation in our work over the past year.

Thank You

Annex 23:

Concluding remarks by Ms. Sonam YangChen-Rana
UNDP Resident Representative
UN Resident Coordinator

**Closing Remarks
By Sonam Yangchen-Rana
UNDP Resident Representative &
UN Resident Coordinator
Round Table Implementation Meeting
Vientiane Capital, 3rd November 2009**

Your Excellency Minister Sinlavong Khouphaythoune,

Other Excellencies, Distinguished Participants,

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

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

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 since the last RTIM and outlined a number of the emerging challenges ahead. His Excellency The Prime Minister also invited participants to offer perspectives and suggestions based on best practices to help Lao PDR ensure sustainable development.

His Excellency the Prime Minister also highlighted the value of the Government-led Round Table Process for in-depth consultations for overcoming development challenges and realizing opportunities.

It was noted that RTIM 2009 takes place at an opportune time. The Government is in the process of drafting the country's new National Socio-Economic Development Plan (NSED) for 2011-15. This new NSED will provide Government and development partners with a common Government-led framework for coordinating our collective efforts and financial assistance towards achieving the country's development goals.

Development partners consistently expressed high appreciation for the impressive achievements of Lao PDR over the recent past despite the global financial crisis as well as offered further strong support in the years ahead. Moreover, development partners responded with a wide range of suggestions and expressions of related assistance.

Participants expressed support for the Government's ambitious development goals, including strong growth policies, but also strongly encouraged a much greater focus on the quality and sustainability of growth and development.

In this regard, participants expressed strong support for Government's NSEDP goals including the achievement of the MDGs by 2015, and support to help the country graduate from LDC status by 2020.

Participants commended the government's maintenance of macroeconomic stability, but highlighted the need to protect and consolidate this achievement in the coming years by ensuring a sustainable budget deficit and reining in strong credit growth.

Participants felt that more efforts were especially needed to eliminate malnutrition, which would not only be good social policy, but also very smart economic policy as it would greatly increase productivity needed to accelerate progress towards the Government's most important development goals.

Similarly, strong support was expressed for urgently redressing the country's still high maternal mortality rate, as well as the achievement of gender equity and environmental sustainability.

Many participants supported the call for the country to urgently prepare for climate change by making it a cross-cutting concern in the new NSEDP. In today's context of increasingly rapid climate change, there will likely be an increase in the number of natural disasters. Without adequate preparations, this will set back progress towards the Government's development goals including graduation from LDC status by 2020. Urgent preparations and meaningful measures are needed to reduce the country's vulnerability to the potentially devastating impact of climate change.

Participants agreed that considerable progress had been achieved in Public Financial Management, especially in the implementation of the budget law. More efforts would still be needed to strengthen fiscal sustainability, as well as expenditure efficiency and ensuring sufficient budget allocations for essential social sectors especially health and education are provided at the local levels.

Participants expressed very strong support for the further development of an indigenous domestic private sector including improving the business environment conducive to more investment (including legal framework, SME development etc.).

Trade reform was advancing with deeper integration into ASEAN/AFTA and planned accession to WTO accession, but closer coordination and collaboration among development partners under government leadership within the Integrated Framework was needed to accelerate progress.

Participants welcomed recent decrees that will improve the environment for civil society and enable the development of farmer associations needed to increase agricultural productivity.

The dialogue throughout the day also pointed to the urgent need to further improve governance in the areas of land, mining and forestry. Especially important will be further progress in accelerating land titling, especially in rural areas. A review of land management policy is needed to ensure efficient and equitable land use, and to ensure that the growth in contract farming and plantations are not inadvertently compromising the country's food security and threatening farmer livelihoods.

The critical importance of collecting and making available reliable and timely data in a range of areas was also again highlighted as critical to well-informed development planning and decision making.

Greater transparency in the foreign investment approval process would also serve to attract high quality foreign investment that generates sustainable employment for Lao people, transfers valuable knowledge and skills to Lao workers, and safeguards the country's still highly valuable environmental assets, especially environmental assets that might be used for alternative sources of sustainable incomes and jobs for Lao people.

Lao PDR is well placed to accelerate implementation of its Vientiane Declaration on Aid Effectiveness and related Country Action Plan, especially with the increased assistance of the various Sector Working Groups.

Greater transparency in the natural resource sectors would help better ensure that Lao PDR avoids the kind of resource curse that has plagued so many other resource rich developing countries. To better ensure that Lao PDR enjoys a resource blessing, a top priority should be transforming natural resource wealth into human resource wealth in order to sustain the development process to increasingly higher levels well after the natural resources are depleted and/or commodity prices collapse further.

Excellencies, Distinguished Participants,

This is a very brief overview that attempts to capture at least some of the richness of today's dialogue.

A full proceedings of this Round Table Implementation 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 pro-active participation and valuable suggestions throughout the day will surely help the Government in the formulation of the new NSEDP in order to help the country meet its development goals.

Moreover, the preparations for and the convening of this meeting has laid out a valuable framework of opportunities and challenges within which we can all work together under Government leadership over the coming months to assist in the further development of the new NSEDP. The new NSEDP will in turn provide the common framework for mobilizing substantial new official development assistance at the Round Table Meeting in 2010 needed to support the implementation of the new development plan during 2011-15.

Before ending my remarks, I would like to thank the Chair of this meeting His Excellency Sinlavong Khoutohaythoune for so effectively guiding this day long dialogue to such a successful conclusion.

Special thanks and congratulations are also owed once again to the Government of Lao PDR and especially Mr. Somchit and his great team at the Department for International Cooperation at the Ministry of Planning and Investment for organizing such an enriching and fruitful Round Table Implementation Meeting in terms of both the quality of the presentations and dialogue, and in terms of the strengthening of partnerships for the effective formulation of the new National Socio-Economic Development Plan.

I also wish to thank the many other excellencies who provided enlightening presentations on the various subject of the agenda, as well as to development partners for their many helpful suggestions and offerings of support throughout the day.

Thank you all, and very best wishes in our collective effort under government leadership to follow-up on the many valuable proposals and suggestions offered throughout this remarkable day long consultation.

Annex 24:

Closing speech by H.E. Dr. Sinlavong Khoutphaythoune,
Minister of Planning and Investment

Closing Remarks
by H.E. Dr. Sinlavong Khoutphaythoune
Minister of Planning and Investment
Round Table Implementation Meeting
Vientiane Capital, 3rd November 2009

Ms Sonam Yangchen Rana, UN Resident Coordinator and UNDP Resident Representative

Distinguished Guests

Ladies and gentlemen

Our Round Table Implementation Meeting 2009 today was conducted in a good, candid and constructive atmosphere and achieved our targets. It has also strengthened mutual understanding between the Government of Lao PDR and all development partners, with a number of constructive comments and feedback providing crucial inputs for the Government and development partners to consider for our future development.

In order to successfully translate the outcomes of the meeting into actions, I would to emphasize some of the recommendations on some areas as follows:

1. For the Government line agencies, it is important to continue to focus on the preparation of the 7th National Socio Economic Development Plan, namely to clearly identify the prioritized areas, programmes, and realistic projects, so as to stimulate the national economic growth, stabilize the macro-economy, sustainable development with the involvement of stakeholders at all levels, eradicate poverty, graduate from the list of Least Developed Countries (LDC) by 2020, tackle social issues and achieve the MDGs by 2015
2. All Sector Working Groups are to improve planning, identify and implement priorities and projects based on the 7th NSEDP, together with increasing local people's participation in the process. We must also ensure the implementation of ODA supported projects in Lao PDR under the themes as indicated in Vientiane Declaration, and so that we can make our projects *Be Effective, Be Transparent and Reach People*.
3. The Secretariat to take note of all information, reports and comments raised at today's meeting, report this to the Government for guidance and then inform all stakeholders and line agencies concerned on the next steps;
4. We hope that all development partners acknowledge the issues presented in the meeting today, providing details of projects, programmes, and priorities as presented by line agencies, and have a better understanding of the true development needs of the Lao PDR in order to implement and achieve the MDGs. We hope that you will all disseminate the heart of the 7th NSEDP to your Governments and organizations, and we wish to receive your positive feedback and support.

The Government of Lao PDR is ready to implement the commitments made and open consultations with all development partners to be carried out and leading to the next Round Table Meeting to be held in 2010. We do hope to meet all of you there next year.

Finally, on behalf of the Government of Lao PDR, I would like to express my sincere thanks to Ms. Sonam Yangchen Rana, the UN Resident Coordinator and UNDP Resident Representative, as my co-chair of the meeting, and to all diplomatic missions, International Financial Institutions, representatives of development partners for your participation and continuous support.

Once again, sincere thanks go also to all ministers, vice-ministers and representatives of line agencies at central and provincial levels, for your kind participation and fruitful discussions during the meeting.

Last, but not least, I would like to wish you good health, a pleasant return journey and success in your career and look forward to see you again.

Thank you