

**Realizing Quality Private Sector Investment for Development
Pre-Consultations for 2017 Round Table Implementation
Meeting (RTIM)**

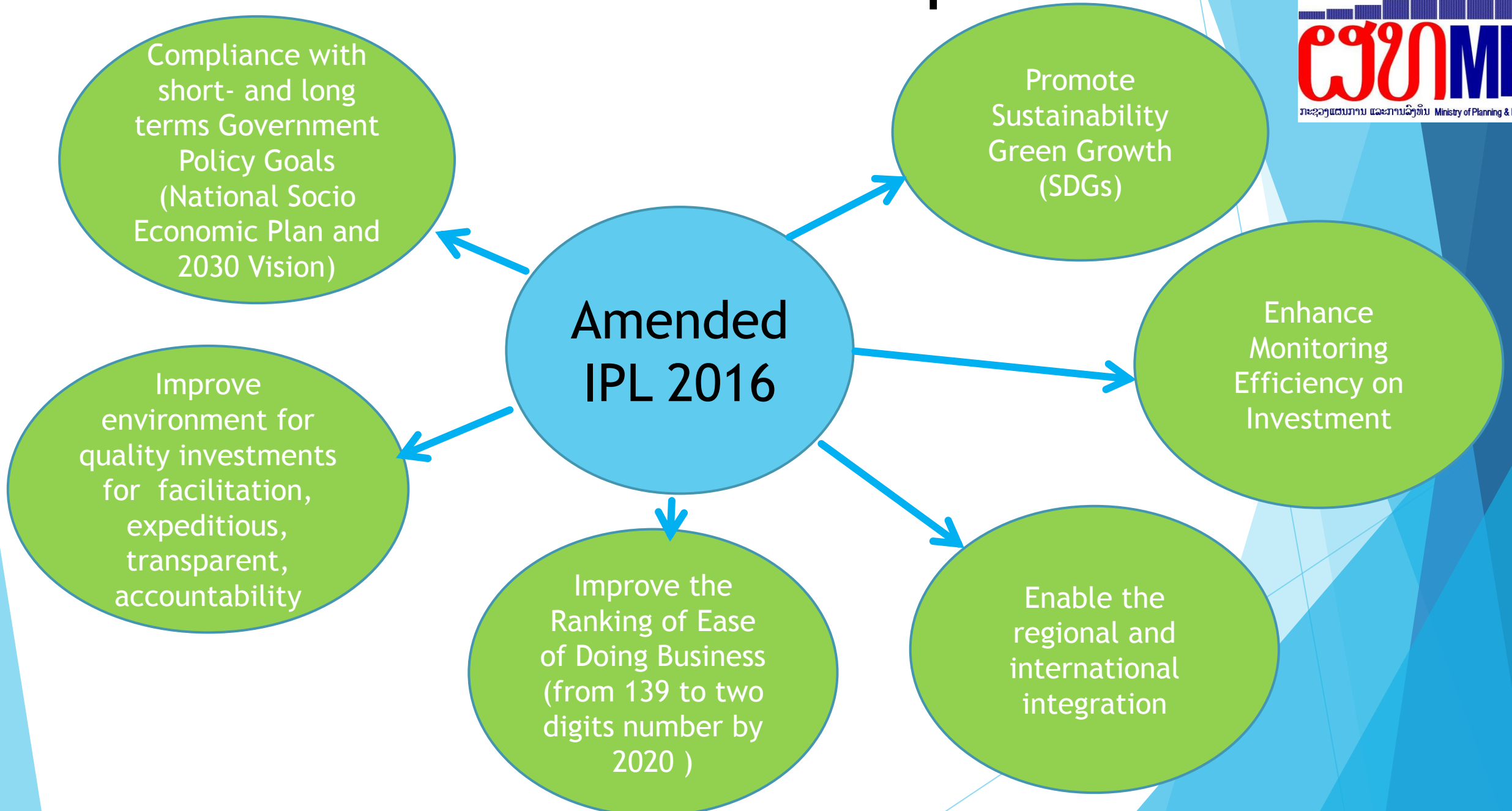
**27th October 2017, MPI Meeting Room
Vientiane, Lao PDR**

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Investment Promotion Department
Ministry of Planning and Investment**

Topics

- ▶ **Amended Law on Investment Promotion, IPL (2016)**
- ▶ **Q-Q**
- ▶ **Draft National Investment Strategy, NIS**

Amended IPL: Rationales for Improvement



Main Improvements/Amendments

Promoted
Business
Activities

- 9 Groups of Businesses

Invest.
Incentiv
es

- By Sectors and Zones: Tax and non-Tax Incentives

Investment
Forms/Types

- 100% FE, JV, BBC, SOE in JV with Private Sector, PPP

Land
Conces
sion

- 50 years renewable s.t. Govt Approval, Transferable if 45% of investment plan as per endorsed FS has been realized

Register
ed
Capital

- Removed 1 billion Kip to 0 Kip Registered Capital for General Businesses

Remo
on State
Land
Concessio

- By Sectors and Zones

OSS

- OSS-After Care and EDB

Main Improvements/Amendments

Promoted Business Activities entitled for Tax Incentives (Art. 9)

- ▶ High and modern technology application, scientific research, R&D, use of innovative, environmental-friendly technology application, and efficient use of natural resource and energy;
- ▶ Clean, organic agriculture, planting seed production, animal breeding, industrial plantation, forestry development, protection of environment and bio-diversity, activities promoting rural development and poverty reduction;
- ▶ Environmental-friendly agricultural processing industry, national traditional and unique handicraft processing industry;
- ▶ Environmental-friendly and sustainable natural, cultural and historical tourism development industry;
- ▶ Education, sports, human resource development and labor skill development, vocational training institutions or centers, production of educational and sports equipment;
- ▶ Construction of modern hospitals, pharmaceutical and medical equipment factory, production of and treatment by traditional medicine;
- ▶ Investment, service provision and development of public infrastructure for urban traffic congestion reduction and residence facilities, infrastructure development for agricultural and industrial production, transportation services of goods, transit services and international linkage;
- ▶ Policy banks and micro-finance institutions, focusing on poverty reduction for people and communities who have less access to a bank;
- ▶ Modern commercial centers promoting domestic products and world-renowned brands, exhibition centers, fairs for domestic industrial, handicraft and agricultural products.

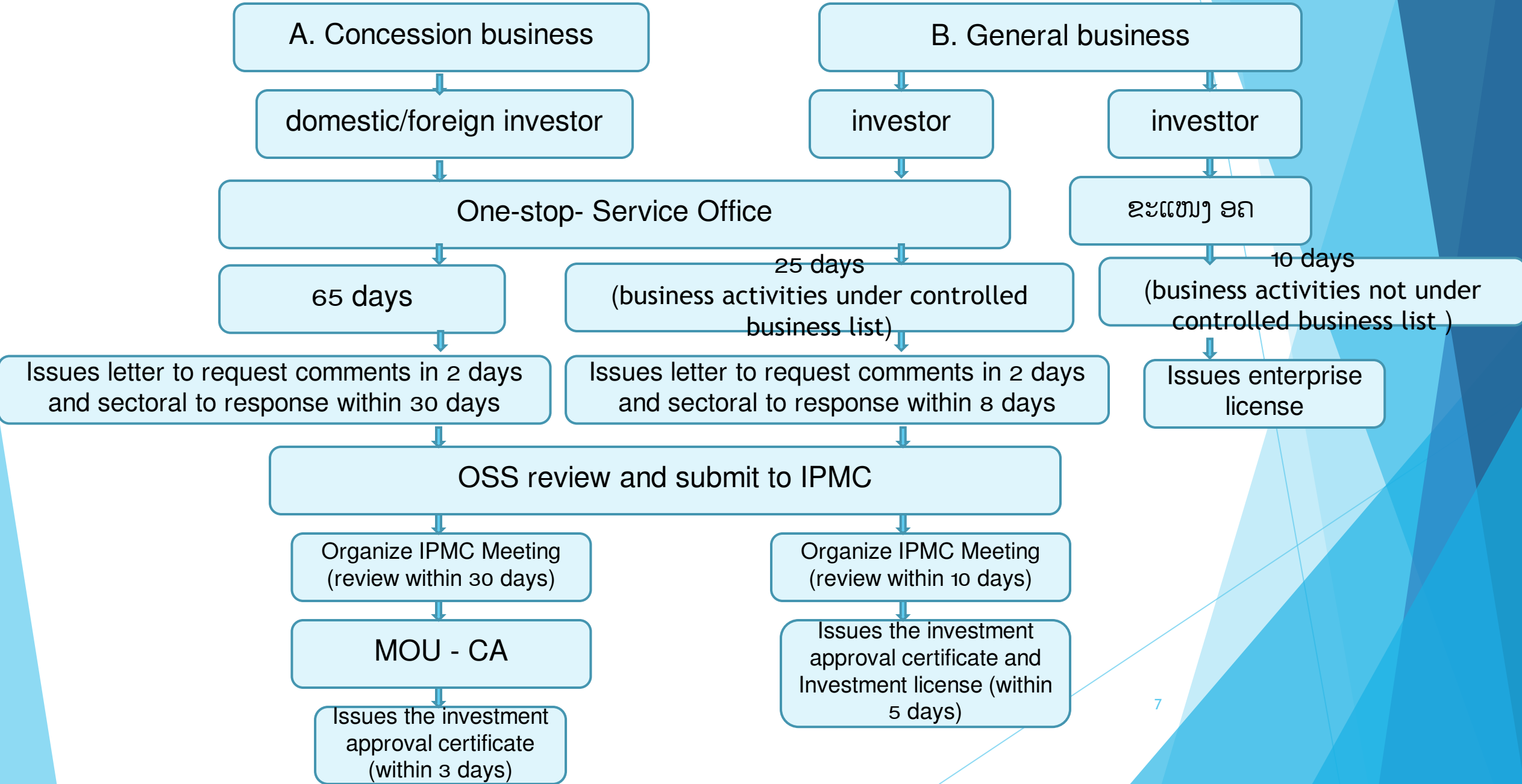
Tax Incentives: Profit Tax Holiday

Zone s	Profit Tax Holiday Period	Additional Profit Tax Holiday Period
Zone 1	10 Yrs All Business Activities lie in Art. 9	5 Yrs For Clean Agriculture, Agro-Processing Industry, Education and Health
Zone 2	4 Yrs All Business Activities lie in Art. 9	3 Yrs For Clean Agriculture, Agro-Processing Industry, Education and Health
Zone 3	Based on SEZ Decree	

Non-Tax Incentives: Rental Concession Fee Exemption on State Land Concession

Zone	State land Concession Rental Fee Exemption Period	Additional State land Concession Rental Fee Exemption Period
Zone 1	10 Years All Business Activities lie in Art. 9	5 Yrs For Clean Agriculture, Agro-Processing Industry, Education and Health
Zone 2	5 Yrs All Business Activities lie in Art. 9	3 Yrs For Clean Agriculture, Agro-Processing Industry, Education and Health
Zone 3	Based on Specific Regulation	

Investment Consideration Procedures



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Q-Q

Stress On Importance of Monitoring

▶ Existing Tools for Quality Investment Management

- ▶ PM Order No. 13/PMO, 2012
- ▶ Based on actual outcome of investment projects implementation other Laws and Sub-Laws /Legislations have been revised/drafted: e.g. Law on Mining, Law on Electricity, Decree on PPP, etc....
- ▶ Forms, CA Models for Agriculture, Hydropower and Tourism
- ▶ Capacity building for IPD and concerned line agencies in Understanding Application/FS/Financial Model Appraisal, in Monitoring
- ▶ Data Collecting Forms for Agriculture, Mining, Hydropower and Service Projects.
- ▶ Database
- ▶ Increase efficient coordination and cooperation among Govt authorities at all levels, other stakeholders (UNDP, GIZ, ADB, WB, MLGO, UNESCAP, IISD, JICA, KOIKA,...)

National Investment Strategy

- ▶ **Draft National Investment Strategy (NIS)**
- ▶ **Approved Provincial Investment Strategy (Savannakhet, Saravan, Houphanh Vientiane Provinces)**
- ▶ **Draft Provincial Investment Strategy (Oudomxay, Phongsaly, Vientiane Provinces)**

What are the Key Issues discussed in the Draft NIS?

- ▶ Part I : Implementation of the investment policy from 1989 to 2016
 1. Past performance
 - 1.1 Legal framework
 - 1.2 Investment promotion policy
 - 1.3 Investment management
 2. Difficulties and impediments
 3. Lessons and experiences

What are the Key Issues discussed in the Draft NIS?

- ▶ Part II : Private Investment Strategy up to 2025
 - 1. Opportunities and challenges
 - 1.1 Regional and international environment
 - 1.2 Domestic environment
 - 2. Directives and targets up to 2025
 - 2.1 Overall directives
 - 2.2 Overall objectives and targets
 - 3. Investment Promotion Strategy up to 2025
 - 3.1 Strategy for conducive environment

- 3.2 Strategy for quality investment
- 3.3 Strategy for sectorial Investment
- 3.4 Strategy for invest in Special Economic Zones (SEZ)
- 3.5 Strategy for regional integration and competitiveness
- 3.6 Strategy for investment supervision and management

- ▶ Part III : Action plans and recommendations
 - 3.1 Institutional arrangement
 - 3.2 Action plans and recommendations

Road Map for Finalization NIS

- ▶ Bilateral consultation with line ministries by end Oct 2017
- ▶ Revise and update draft NIS (version 12th) by end Nov 2017
- ▶ Organize National Stakeholder Consultation Meeting by beginning Dec 2017
- ▶ Revise and submit update version to Investment Promotion and Management Committee for review and consideration of further guidance and/or approval

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Conclusion and Moving Toward Promoting Quality Investment

- ▶ Regulatory/Sectoral Authorities to implement and enforce regulation and investment management tools for quality investment
- ▶ Call for partnership from Development Partners continue to support implementation and promotion of quality investment
- ▶ Coordination for quality investment through data and information sharing and joint monitoring
- ▶ Call for private sectors engagement in promoting quality investment through compliance with their obligations and laws and systematic report on their contribution to 8th NSEDP and SDGs implementation

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 **Thank You Very Much
For Your Attention!** 

