



LAO PEOPLE'S DEMOCRATIC REPUBLIC
Peace Independence Democracy Unity Prosperity

Report of the Ninth Roundtable Meeting

Vientiane, November 28-29, 2006

MINISTRY OF FOREIGN AFFAIRS
Vientiane, December 2006

Vientiane, 28-29 November 2006

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BACKGROUND TO THE ROUND TABLE MEETING

The Round Table Meeting (RTM) is a nationally-driven and process-oriented mechanism, which periodically brings together the country representatives, partners in development (donors), and other stakeholders, to discuss and agree on national development priorities, programmes and funding aspects. The objectives of the RTM are to: (i) ensure country ownership of development process, (ii) prioritize actions and programmes, (iii) serve as a catalyst for mobilization of funds to meet the development objectives of the country, (iv) foster policy dialogue and partnership building, and (v) reach realistic agreements between government and the partners in development. The participants include the government officials (Ministers of Foreign Affairs, Finance, Planning, and other key sectors), UNDP (co-chair), representatives of other partners in development, civil society organizations and domestic and foreign private investors.

The RTM provides the government a consolidated link to the international donor community. It is a good vehicle for information-sharing and awareness-raising between the government and the partners in development. The RTMs are usually held every three years either abroad (e.g. in Geneva) or in the country. It is found that in-country meetings are less costly and more efficient.

NINTH ROUND TABLE MEETING

The Ninth Round Table Meeting held in Vientiane during 28-29 November 2006 is the third in the series of meetings organized every three years in the country. The theme of the Meeting is “Strengthening Partnerships for Achieving Development Results” or in short “Partnership for Development Results.” A copy of the Letter of Invitation to the Meeting is included in [Annex 1](#).

1. General Appreciation

The Government of the Lao People’s Democratic Republic expressed its deep appreciation to its Partners in Development for their participation in the Ninth Round Table Meeting (RTM). The Government was pleased to welcome over **200** participants to the RTM, including representatives from the Government, the international donor community including international NGOs and the Lao and foreign private sector. A list of the participants is included in [Annex 14](#).

The Meeting was chaired by H.E. Dr. Thongloun Sisoulith, Deputy Prime Minister and Minister of Foreign Affairs of the Lao PDR, Vice-Chairman of National Steering Committee for the Round Table Process, and co-chaired by Dr. Hafiz Pasha, UN Assistant Secretary-General, and UNDP Assistant Administrator and Director, Regional Bureau for Asia and the Pacific. The objectives of the Meeting were to marshal the commitment and support of the Partners in Development for implementation of the Sixth Five-Year National Socio Economic Development Plan (2006-2010) and agree on localization and implementation of the Paris Declaration on Aid Effectiveness. The Agenda for the Meeting is included in [Annex 2](#).

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Day 1: Opening Ceremony and First Session

A. Opening Ceremony

The Opening Ceremony for the Ninth Round Table Meeting was facilitated by Mr. Latsamy Keomany, Deputy Director General, Department of International Cooperation (DIC), Ministry of Foreign Affairs (MOFA). The Meeting was opened by H.E. Mr. Bouasone Bouphavanh, Prime Minister of the Lao PDR. In his Opening Address (see [Annex 3](#)), the Prime Minister mentioned that since the Eighth Round Table Meeting (RTM) in September 2003, the Lao PDR has utilised the assistance received from friendly countries and international organisations together with domestic resource contributions to implement the country's Annual Socio-Economic Development Plans, achieve socio-economic targets, progress towards making the country more democratic under the rule of law, and increase regional and international integration. In the past three years, the country has also drafted the Sixth Five-Year National Socio-Economic Development Plan or NSEDP (2006-2010) through a highly participatory process substantially incorporating the National Growth and Poverty Eradication Strategy (NGPES).

The Prime Minister informed the Meeting of the overall directions and main focus areas of the Sixth Plan. He stated that the impressive advances in socio-economic development would not have been achieved without the invaluable support of the international donor community, and expressed his thanks to all for their valuable assistance in helping the Lao PDR to progress. He stressed that a number of challenges lie ahead in reaching the country's socio-economic goals; and urged the participants to constructively discuss these issues in order to evolve pragmatic solutions, further enabling the nation to exit the Least Developed Country Status (LDC) by 2020. The Prime Minister hoped that the participants would come up with the best ways to further the cooperation between the Government of the Lao PDR and friendly countries and international organisations through harmonisation and alignment within the framework of the Paris Declaration.

Dr. Hafiz Pasha, UN Assistant Secretary-General, and UNDP Assistant Administrator and Director, Regional Bureau for Asia and the Pacific, followed with his Opening Remarks (see [Annex 4](#)). Dr. Pasha thanked the Prime Minister of the Lao PDR for providing the Meeting with an overview of the impressive achievements and the Government's future plans. He expressed his gratitude for the strong collaboration and support of the Lao PDR's Partners in Development to the development of the country over the years and for their participation in the Ninth RTM.

Dr. Pasha recalled the focus of the Eighth RTM on the Government's Poverty Reduction Strategy (NGPES) and the efforts to achieve the Millennium Development Goals (MDGs); and commended the significant progress made towards the achievement of the MDGs. Lao PDR has emerged as one of the best performing LDCs in the world, which is a testimony to the effective utilisation of domestic and foreign resources. Dr. Pasha highlighted a number of remaining challenges and tasks that have to be addressed, such as reducing poverty to 15 percent by 2010, further promoting the private sector and improving governance. He also commended the participatory process through which the Sixth Plan was drawn up, and highlighted the need for greater transparency and access to reliable and timely information.

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Dr. Pasha commended the plans to reform the public administration and public sector financial management. He concluded by seeking the continued and renewed support of all the Partners in Development to the effective implementation of the Sixth Plan and wished all participants a fruitful dialogue and a successful outcome.

B. First Session

The Ninth RTM was chaired by H.E. Dr. Thongloun Sisoulith, Deputy Prime Minister and Minister of Foreign Affairs, Vice-Chairman of National Steering Committee for the Round Table Process, and Co-Chaired by Dr. Hafiz Pasha, UN Assistant Secretary-General, and UNDP Assistant Administrator and Director, Regional Bureau for Asia and the Pacific. Dr. Thongloun Sisoulith welcomed the participants and alerted them to the unique cultural tradition of girls in *sinns* giving alms to the monks early in the morning. He gave an overview of the agenda of the Meeting and the presentations.

The first presentation on the Sixth Five Year National Socio-Economic Development Plan covering the period 2006-2010 was made by H.E. Mr. Soulivong Daravong, President of the Committee for Planning and Investment (see Annex 5). The overall objective of the Sixth Plan is to transform the multi-sectoral economy from uneven performance to fast and stable development through increasing competitiveness and utilizing comparative advantages; strengthening links between economic and social development, protecting the environment; and accelerating the building of socio-economic infrastructure; and finalizing the establishment of a market-oriented economy. Mr. Soulivong Daravong presented the main strategies and targets of the Sixth Plan, which included: a GDP growth rate of 7.5-8 percent per annum; creation of 130, 000 additional jobs each year; maintaining macroeconomic balance with low inflation and a stable exchange rate; significant progress on the social indicators; growth in exports of more than 18 percent per annum; and further regional and global integration. He presented an overview of the resource envelope of the Plan and the budget balance, the important thematic and cross-cutting areas, and the Plan implementation measures.

This was followed by a presentation by H.E. Mme. Bounpheng Mounphoxay, Minister in the Prime Minister's Office and Head of the Public Administration and Civil Service Authority, on the Governance Measures to Implement the Sixth Five-Year Plan (see Annex 6). She presented an overview of the *Revised Governance Policy Paper*, which focuses on four priority areas: public service improvement, peoples' participation, rule of law and sound financial management. The key Governance sector strategies that will be undertaken over the next five years to support the implementation of the Sixth Plan and the achievement of its objectives and targets were shared with the participants. Mme. Bounpheng Mounphoxay informed the Meeting that further consultations with the Government agencies and the Partners in Development will take place on the strategic plan. A Governance Reform "road-map" will be prepared, which will include planned milestones and targets that can be used as monitoring tools to review progress.

Following the presentations, the Chairman, H.E. Dr. Thongloun Sisoulith, Deputy Prime Minister and Minister of Foreign Affairs, Vice-Chairman of National Steering Committee for the Round Table Process, opened the floor for discussion. The comments and suggestions made by the participants are summarized in the following.

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C. Comments and Suggestions on the Sixth Five-Year Plan (2006-2010)

The Government of the Lao PDR was applauded for the achievements made so far in the development process including the impressive economic performance over the last three years, the improvement of the business and investment environment, a significant reduction in the poverty level, and a progressive integration into the regional and global economies. The country had enjoyed several years of macroeconomic stability due to disciplined economic management, robust economic growth and the gradual regional integration.

The Sixth Five-Year Plan was commended as a comprehensive document incorporating a credible poverty reduction strategy developed through a transparent and participatory process. The Plan focuses on promoting economic development with human development as a key vehicle, recognizing the interdependence between economic growth and social development in addressing poverty reduction, and meeting the socio-economic development needs of the country. The Plan was also commended for providing a comprehensive definition of poverty, including not only the income dimension but also the others such as life expectancy at birth, infant, maternal and child mortality rates, and educational participation and achievement.

The poverty reduction strategy in the Plan was praised for the inclusion of people's participation and cross-cutting issues such as HIV/AIDS, UXO, and Drug Control; as well as the focus on reducing disparities linked to gender and ethnicity. The Plan sets a realistic poverty reduction target. It recognizes that the private sector is an increasingly important driving force for accelerating growth and reducing poverty. It articulates strategies for infrastructure, rural, social and human development, and environmental protection for sustainable export-driven growth. The commitment by the Government to develop a legal framework for the Civil Society Associations (CSA) was welcomed.

It was emphasized that the focus from now on should be on the effective implementation of the Sixth Plan, utilizing fully the lessons learned from implementation of the Fifth Five-Year Plan. The Sixth Plan sets out demanding but achievable objectives and targets. The realization of the ambitious targets in the Plan will require the tireless efforts of the Government and the people of the Lao PDR with a strong sense of ownership, with the Partners in Development offering as much cooperation and support as possible. The Sixth Plan needs an Implementation Action Plan with clearly defined milestones and measurable targets, and a public investment programme (PIP).

The Implementation Action Plan should include a dissemination program that builds on the earlier consultation process. It should include a comprehensive macro-fiscal framework, and an improved monitoring and evaluation mechanism to assess the achievement of the results. The lack of a coherent macroeconomic framework may weaken the Plan's effectiveness as an instrument to communicate the Government's policy agenda to the outside world. A more transparent and inclusive process for formulating development indicators is needed. The importance of further improvements in the quality and timeliness of the Lao PDR's statistical data was emphasised. The National Statistics Centre (NSC) is working hard in this area and deserves increased support for its efforts. Improvements in this area would enable more effective monitoring of economic developments, and strengthen economic policy making.

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The effective mobilisation and management of resources is crucial to the achievement of the Sixth Five-Year Plan's objectives. Further prioritisation is necessary when translating the Sixth Plan into annual plans and budgets. It is important that resources match the ambitions and proposals fit resources. In particular, the annual plans and expenditures should concentrate on the neediest areas/sectors of the country. The Partners supported the Sixth Plan's emphasis on the four priority sectors: Agriculture and Forestry including Rural Development, Education, Health and Infrastructure. The Government needs to strive to increase domestic public resource flows into the priority sectors, especially concentrating on recurrent spending in agriculture, education, health and infrastructure; and progressively reduce the dependence on donor funding.

There is a need to strengthen the service delivery in education, health and HIV/AIDS. It is necessary to focus on spreading the benefits of economic growth to achieve the poverty reduction objectives. This includes ensuring that growth happens in an equitable and inclusive way, in rural as well as urban areas, addressing the needs of ethnic minorities, women and children. The people's living conditions should be improved through a participatory and rights-based programming approach, with the participation of the country's youth.

There was general consensus that human resources development is one of the most crucial areas for sustainable development. The Partners in Development were pleased that education is highlighted as a priority in the Sixth Plan and supported the policies for equitable access and improved quality of education at all levels, with particular emphasis on ethnic minorities, girls and other disadvantaged groups. The integration of cross-cutting issues such as gender, HIV/AIDS, drug control and UXO into the education sector was commended. However, concern was expressed about the insufficient budget allocation to the education sector and for Human Resources Development (HRD); and more information on the funding and resources for this sector was requested. The successful implementation of education reform will require substantial additional resources, allocated equitably and efficiently. The proposed measures for education reform should be fully prioritized and linked to a realistic costing of such measures. The progress towards a sector wide approach to education was commended.

The management of natural resources will be a critical area for the Government to focus on over the Sixth Plan period. Transparent and sound management of natural resources and their use to build up human resources and the infrastructure of the Lao PDR will be essential. The excellent practices and lessons learned so far in both hydropower and mining should be applied elsewhere. The country should focus on the quality of investments in the resource sectors to avoid the problems faced by many other resource-rich countries.

The natural resources exploitation should be environmentally and socially sustainable. The Government should implement appropriate social and environmental safeguards and should be aware of the possible negative impacts of rapid exploitation of natural resources, such as environmental degradation, emissions and other pollution, as well as the negative social consequences for affected citizens. It will be critical that resource-based revenues contribute to sustainable development and poverty reduction. In this regard, improving fiscal transparency and accountability takes on an even higher priority when a country has significant natural resource revenues, as it is essential to ensure that these resources are deployed in a manner that enhances the economic potential and social welfare of the nation.

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The Government is encouraged to consider joining the Extractive Industries Transparency Initiative (EITI) that promotes increased transparency and accountability and helps to avoid some of the pitfalls.

Security of land tenure through clearly defined titling is a key to rural development, infrastructure development, private sector development, and overall economic development. It has links to urban planning and management of natural resources. Additionally, the issue of land use and concessions for land use, in particular for rubber plantations, needs to be reviewed to increase domestic revenues. An effective system of land use and land concessions has to be established.

D. Comments and Suggestions on Governance

The Partners welcomed the new Governance Policy Paper, which develops further the previous policy paper incorporating strategic priorities and indicators. They agreed with the four priority areas of the paper. The *Master Plan for the Legal Sector Reform towards the year 2020* was commended for incorporating the comments and suggestions made by the Partners. The latest draft of the *Legal Sector Action Plan* represents significant progress, addressing important issues such as civil society, rule of law and human rights. The Government was praised for affirming that the domestic legal framework will continue to be harmonised with international law. The participation of all actors is important for the development of the legal sector, in particular the Ministry of Security and the Lao Bar Association. The Government was commended for putting in place a number of excellent policy and legislative frameworks, which have begun to provide a supporting and enabling environment for development reform.

The efficiency and transparency of the Government are essential for sustainable development as this will eventually reduce administrative costs, promote foreign investment and contribute to sound public finance. Participation of the population in the political process, strengthening of the rule of law, respect for human rights and openness for dialogue are essential to ensure balanced and rapid development. The importance of freedom of expression, free media, freedom of assembly and access to information has to be highlighted. The transparency and accountability of the public sector and the quality of budgetary and financial management remain key areas to be further improved. Good progress is being made in improving public sector financial management; but more needs to be done. The partners encouraged the implementation of the Anti-Corruption Law and the strengthening of the State Audit Office and the State Inspection Authority. It is important to ensure the successful implementation of the Public Expenditure Management Strengthening Programme (PEMSP).

It is necessary to further improve relations among the line ministries and between the central government and the provinces; and create an administrative system that is more efficient for regional economic integration. New or modified laws should be well disseminated to civil servants and the people at the grassroots; and thoroughly implemented in fair and just ways. Additionally, an effective law enforcement system is necessary, which will involve building the capacities of the existing staff. The decentralisation framework needs to be enhanced. This is a key to improving fiscal management, as a lack of control over revenue and treasury operations in the provinces has been a major

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impediment to establishing a strong revenue base for the budget, improving expenditure policies, and more generally strengthening fiscal management. The partners recognised that the new State Budget Law is an important step forward as well as the plans to introduce a VAT. In addition, there seems to be an imbalance between the shares of national and provincial governments in certain revenues in favour of the latter, which often defer channelling tax revenues to the central government as required.

The last section of the Governance Policy Paper on monitoring and evaluation was welcomed by the Partners. Participatory planning, monitoring and assessment are critical tools to improve the focal-site approach. The consistent and meaningful participation of the concerned populations will enable the authorities to improve the quality of basic services delivery and enhance the impact on poverty reduction. A clearly sequenced action plan for implementation of the decentralisation policy, including plans to upscale successful pilots, would be welcomed. Local level development will need special attention in order to implement the plan.

E. Private Sector Development and Trade Promotion

The discussion was followed by a presentation on Private Sector Development and Trade Promotion, by H.E. Mr. Siasavath Savengsuksa, Vice-Minister of Industry and Commerce (see Annex 7). The Vice Minister stressed that private sector development and trade promotion are some of the main tools to implement the Sixth Plan (2006-10). The Plan recognises business sector development and trade promotion as the most important drivers of growth and poverty reduction. Increased regional and global integration is expanding market access and opportunities and will further advance trade and private sector development. Mr. Siasavath Savengsuksa gave a comprehensive overview of the achievements made in promoting the business sector and trade since the Eighth RTM in September 2003; and on the strategic way forward during 2006-2010. In recent years, the Government has been working closely with the international agencies and bilateral donors in reviewing its sectoral policies and in strengthening the legal framework. The Government has implemented several policies that have improved the investment climate and facilitated cross-border trade. The Vice Minister indicated that several obstacles remain, and outlined the strategic actions planned to be undertaken to address these challenges. He informed the Meeting that the *Diagnostic Trade Integration Study (DTIS)* has identified the constraints to trade development and an action matrix of priority projects has been worked out and adopted. The Ministry of Industry and Commerce will do its utmost to develop the private sector and promote trade and industry by operating in such areas as improving the trade regime, trade legislation, trade negotiation, trade facilitation, trade promotion and trade infrastructure. The Small and Medium Enterprises (SMEs) development strategies, institutional strengthening and capacity building will be enhanced. Regular business forums and meetings will be held between public and private sectors and the coordination with the concerned agencies will be improved.

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F. Comments and Suggestions on Private Sector Development and Trade

The Government was commended for highlighting the importance of the private sector investment, trade and regional integration in the Sixth Plan. Private sector investment is expected to consist largely of foreign direct investment (FDI). Therefore, it is critical for the Lao PDR to promptly make every possible effort to improve the investment environment. This includes the enforcement of enacted laws relating to investment in a fair and appropriate manner; and the granting of licenses and permits in a transparent and fair way. The Sixth Plan recognises that production, export trading, and entry requirements to markets abroad are priorities for development; but more elaboration on how to enhance these areas is needed.

Private sector development, trade and regional integration are essential to enabling broad-based growth, poverty reduction and the emergence of an increasingly modern and diversified economy. The Government was urged to continue the structural reforms, in particular, around trade liberalisation and the provision of an enabling environment for the private sector. The Government has already taken several important steps towards improving the business environment and increasing export competitiveness, such as the Enterprise Law and the planned reforms in reducing tariff and non-tariff barriers to trade and regional integration. The development of the market economy needs to be enhanced.

Further reforms in business registration and reform of the state-owned enterprises (SOEs) and the financial and banking sectors will also be crucial to improving the investment climate. The pace of the banking sector reform needs to be accelerated. More needs to be done on the supervision of state-owned banks including their adherence to the *Governance Agreements*; and in promoting a level playing field in the banking and financial sector, including the establishment of joint ventures. The Partners were glad to see that the reform of the financial sector, the improvement of private sector development and SOE reform have been included in the Sixth Plan. Efforts have to be made to improve the *Enterprise Law*, and reduce the time taken for licensing businesses. The harmonisation of the *Investment Law* and the *Enterprise Law* is also a priority. The legislation on commercial banking has to be improved.

Private sector development should include measures aimed at improving the regulatory and broader business environment for establishing and operating private businesses. In the agriculture sector, small farmers constitute the vast majority of the Lao PDR's private sector, and they will remain the engine of economic growth in the foreseeable future. It is therefore necessary to support the diversification and commercialisation of production, including improvements in rural infrastructure and production efficiencies through the implementation of the cross-border transport agreement. Private sector development also requires private sources of financing and for this a modern, well-functioning banking system is required. Infrastructure development is essential to connect the poor people to the markets and to provide the services (utilities) that allow modern business to take place.

Regional integration and the facilitation of cross-border transport are requisites for development. Many steps have already been taken in this area and they are paying off. The Lao PDR lies at a crossroads between the Greater Mekong Sub-Region (GMS) to help better connectivity to boost economic integration. Some Partners recommended that the

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cross-border transport agreement should be fully adopted and implemented effectively by the Lao PDR.

A plan for implementing the policies should be developed to facilitate the fulfilment of commitments to ASEAN and AFTA, and work towards WTO accession. More focus is needed on how to increase trade, exports and meet the entry requirements to markets abroad. It was emphasized that internal barriers to trade are as important as the external barriers; and the internal barriers impede private sector development. The *Diagnostic Trade Integrated Study* has included an action matrix as part of the Integrated Framework. A number of Partners in Development are forming a multi-donor trust fund for trade development in the Lao PDR. It was cautioned that economic and social development bring with them benefits but also dangers such as mismanagement, exploitation, rising imbalances in wealth distribution and rising crime rates. These in turn act as obstacles to private investment, which is the key to long-term development and cannot be replaced by development aid.

Day 1: Second (Afternoon) Session

A. Achievements of the Annual Plan for FY 2005/06 and Highlights of the Annual Plan for FY 2006/07

The Afternoon Session began with a presentation by H.E. Mr. Soulivong Daravong, President of the Committee for Planning and Investment, on the Achievements of the Annual Plan for FY 2005/06 and the Highlights of the Annual Plan for FY 2006/07 (see [Annex 8](#)). He outlined the main objectives and targets of the Annual Plan for FY 2005/06 and the achievements. The overall socioeconomic performance during FY 2005/06 has been satisfactory. The annual GDP growth rate was on target at 7.5 percent, with the GDP per capita rising to USD 553. The macroeconomic situation remained positive with a decline in the inflation rate and a stable exchange rate. Important advances have been made in the development of agricultural production for export, the increase of exports and a gradual improvement in revenue collection. The primary school enrolment reached 84.7 percent and the health network coverage expanded covering all the urban areas and 95 percent of the remote areas. The poverty eradication efforts progressed further with the completion of the participatory poverty reduction plans for 33 *kumbans* (groups of villages) in the poorest districts; expansion of the activities under the Poverty Reduction Fund; and reduction of the area under *slash-and-burn* cultivation. The flow of foreign direct investment surpassed expectations.

Mr. Soulivong Daravong gave an overview of the main priorities and targets of the FY 2006/07 Annual Plan and the implementation measures to be undertaken to achieve these. The Annual Plan priorities include the maintenance of macroeconomic stability, continued implementation of the poverty reduction strategy, extension of access to quality education and health services and construction of the socio-economic infrastructure. The Annual Plan visualizes a GDP growth rate of 7.5-8 percent with total investment at 30-32 percent of GDP. The incidence of poverty is to be reduced by 2-3 percentage points, the literacy rate of 15-24 year olds to reach 87 percent and the vaccination coverage to increase to 70 percent. The surveillance and treatment of transmittable diseases will be upgraded with the safe water supply coverage rising to 70.7 percent. The implementation measures will

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include tackling the budget deficit and debt issues, putting in place the policies to reform land and property rights, promoting the private sector including FDI, further upgrading and decentralizing the Government Administration, and monitoring the Plan implementation and reducing malpractice and corruption.

B. Fiscal Performance for FY 2005/06 and the Targets for FY 2006/07

This was followed by a presentation by H.E. Mr. Somdy Duangdy, Vice-Minister of Finance, on the Fiscal Performance for FY 2005/06 and the Targets for FY 2006/07 (see [Annex 9](#)). The presentation covered the developments on the monetary front, the progress made on banking sector reform and foreign trade, a brief picture of the fiscal performance in FY 2005/06 and the plans for FY 2006/07, as well as the measures to improve fiscal management. Overall, the fiscal situation for FY 2005/06 remained stable, with the money supply growing at about 8 percent with the Kip currency in circulation increasing by about 28 percent. Inflation averaged at around 8 percent; the Kip exchange rate remained stable; and the foreign reserves rose to USD 283 million (equivalent to about three months of imports).

The reform of the operations of the two state-owned commercial banks (SOCBs) has made significant progress. The Decree Law on Anti-Money Laundering was approved; the draft law on Commercial Banks prepared; and the amended draft Decree Law on Foreign Exchange and High Value Property has been formulated.

In FY 2005/06, the revenue collection increased to 4,320 billion Kip, exceeding the target by 5 percent. The total expenditure was 6,819 billion Kip, with the budget deficit at about 6 percent of GDP. The measures implemented to improve the budget performance in FY 2005/06 included training and advice on implementation of the amended Tax and Customs Laws, intensified tax collection from all business units, and expenditure execution adhering to the priorities set in the budget. The Government was able to disburse the salaries of civil servants regularly and on time.

The overall fiscal directives are to diligently strive toward fiscal self-reliance, build up the fiscal strengths gradually, integrate the budget plan with the Sixth Five-Year Plan, and continue to stabilize the macro-economy. In FY 2006/07, the total revenue is projected to reach 5,531 billion Kip and the total expenditure 7,913 billion Kip, with the budget deficit at 6.3 percent of GDP. The measures to achieve the FY 2006/07 budget targets include improving revenue collection and effective execution of expenditure, reducing internal deficits, continuing to improve financial agencies, resolving problems concerning negative phenomena in the financial sector, and promoting the private sector.

Other initiatives in the fiscal area included the completion of the Public Expenditure Review or PER (2002-2005) and the Public Expenditure Management Support Program or PEMSP. The PER recommended improvements in revenue mobilization and revenue sharing and intra-governmental transfers, while sustaining the macro-budgetary balance and ensuring expenditure and services delivery. The PEMSP has been successfully launched in November 2005 and three regional workshops have been organised involving the local governments in the provinces. The implementation of the Program will continue with the support of the Partners expected through a multi-donor trust fund. The overall goal

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is to tailor the fiscal policy to facilitate further integration of the Lao PDR into the regional and global economies with a higher level of ownership.

C. Comments and Suggestions on Fiscal Performance

The structural weaknesses in the budget, especially with regard to revenue mobilisation and the banking system need to be addressed, in order to strengthen the macroeconomic foundations of the economy. Establishing a sound banking system is a key to supporting economic development, mobilising domestic savings, and channel resources effectively to the most productive uses. The plans to modernise the banking legislation and strengthen the supervisory capacity of the Bank of Lao PDR are welcomed. It is now necessary to address how to move the state-owned bank restructuring program forward. The efficiency of the tax and revenue administration needs to be enhanced, through institutional reforms and capacity building. Transparent, clear, simple and non-discriminatory tax administration needs to remain a key priority. The Government of the Lao PDR was congratulated on the tax revenue collection for FY 2005/06, which surpassed the target for the first time.

The Partners encouraged the implementation of the Anti-Corruption Law and the strengthening of the State Audit Office and the State Inspection Authority. It is important to ensure the successful implementation of the Public Expenditure Management Strengthening Program. The balance between recurrent costs and investment is another issue that should be considered. There are clear risks with a situation where development Partners' contributions are used for recurrent cost financing as this may weaken the Government's ownership and enhance donor dependency.

The external public debt should be managed cautiously, as even with strong growth in exports and a major drive to raise revenues, the debt service will remain heavy until the end of the decade. The Government was encouraged to continue to focus on mobilising grants and highly concessional loans to meet the development needs. Public borrowing for the large hydropower projects in the pipeline could pose a risk, if not managed carefully. Borrowing for government equity should be limited to projects with firm financial viability, and in the aggregate, should be consistent with a decline in public debt ratios to more sustainable levels in the medium-term.

Reforming the decentralisation framework is a key to improving fiscal management, as a lack of control over revenue and treasury operations in the provinces has been a major impediment to establishing a strong revenue base for the budget, improving expenditure policies and strengthening fiscal management. The new State Budget Law is an important step forward if it is enacted and implemented fully. Plans to introduce a VAT and strengthened public expenditure management are key elements of the broader strategy to develop a fiscal system that can mobilise resources and allocate them effectively.

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Day 2: Third Session

A. Public Investment Program (2006-2010)

The first presentation in the third and final session was by H.E. Mr. Soulivong Daravong, President of the Committee for Planning and Investment, on the resources required for implementation of the Sixth Five-Year Plan and the associated Public Investment Program (PIP) for the period 2006-2010 (see Annex 10). A total investment of about 73.9 thousand billion Kip is needed to implement the Sixth Plan (2006-2010), to reach the overall growth target of 7.5 to 8 percent per annum; and make adequate progress towards achieving the Millennium Development Goals by 2015 and the 2020 goal of leaving the status of a Least Developed Country by 2020. With regard to official development assistance (ODA), on average about USD 360 million per annum is needed during the five-year period. The projects and programs in the PIP comprise four broad categories: ongoing projects; proposed projects discussed with the Partners; proposed new projects; and targeted poverty reduction projects. The projected PIP requirements are well above the amount of public investment projected in the Sixth Plan. Therefore, the Government has undertaken a prioritisation of the projects and programs to scale down the overall PIP requirements to the total public investment projected in the Sixth Plan. The participants were informed that the list of prioritized projects in the PIP with cost estimates will be placed on the RTM website and shared with the Partners.

Following the presentation, the Chairman invited the Partners in Development to indicate the ways in which they could continue to assist the Lao PDR in implementing the Sixth Five Year Plan (2006-2010). In particular, he requested the Partners to indicate concrete pledges of their support, identifying future areas of cooperation. A summary of the comments and suggestions on the Public Investment Program is presented in the following, which is followed by summaries of the statements by the Partners in Development.

B. Comments and Suggestions on the Public Investment Program

It was noted that the Government has recently made substantial efforts to improve public financial management systems and increase domestic revenues. They included, in particular, the strong progress on the Budget and VAT Laws, as well as the continuing dialogue on central-local relations, including tax, customs and treasury centralisation reforms. This momentum should be maintained so as to generate the resources needed for implementing the priority actions committed to in the Sixth Plan, complemented by ODA flows. To achieve the key MDGs in education and health, the Sixth Plan aims to vastly increase the recurrent spending in these sectors. The Government will need to strive to increase the flow of domestic public resources into the priority sectors, especially concentrating on recurrent spending in education, health, infrastructure and agriculture, and progressively reduce dependence on donor funding.

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C. Statements by the Partners in Development

The full statements of the Partners in Development at the Ninth RTM are included in Part II of the Report, which is placed on the 9th RTM website (www.rtm.la.org). Hard copies of Part II of the Report can be obtained from Dr. Bountheuang Mounlasy, Director General, Department of International Cooperation, Ministry of Foreign Affairs, That Luang Road, Vientiane, Lao PDR.

The summaries of the statements by the Partners in Development are presented in the order in which they were made at the Meeting:

European Union (EU): Mr. Lars Backström, Ambassador of Finland, Bangkok, and EU Representative

On behalf of the EU, the Ambassador thanked the Government for organizing the Ninth RTM. The EU is one of the main development partners of the Lao PDR with commitments of USD 75-80 million per year. The EU was satisfied to see that much progress has been made in different fields during the last three years; and a number of important development issues have been successfully addressed, particularly highlighting the country's economic growth in the last three years, improvement of the business and investment environment, a significant decrease in the poverty level, and a progressive integration into the global economy. The EU congratulated the Government on the Sixth Five-Year Plan (2006-2010), as it is a comprehensive document representing a single strategic and policy framework.

The EU was a principal driving force behind the harmonisation and alignment efforts that culminated in the Paris Declaration and supports all efforts to increase aid effectiveness. The Ambassador stressed that seeking to do better is not good enough, and that everyone involved (including the Partners in Development) has to work closely together to meet the commitments they made in Paris. Governance, transparency and accountability of the public sector and the quality of budgetary and financial management remain key areas to be further improved. The participation of the population in the political process, strengthening of the rule of law, respect for human rights and openness for dialogue are essential to ensure real, balanced and rapid development. The EU welcomes the creation of an informal working group on Human Rights and Governance with Sweden and the EC. The EU underlined its readiness to continue supporting the Government to achieve the MDG targets, to fulfill the Sixth Plan commitments, and to achieve the liberation of the whole population from poverty no later than 2020.

Japan: H.E. Mr. Makoto Katsura, Ambassador, Vientiane

The Ambassador indicated that Japan is not in a position to make concrete commitments for multi-fiscal years, because Japan has a single year budgetary system. Also Japan's fiscal year starts from April and it is difficult to make a substantial commitment yet for FY 2007. The Government of Japan attaches importance to the Mekong Region and regards the Lao PDR as the heart of the Region. Therefore, Japan will make continuous efforts to provide the Lao PDR with as much assistance as possible mainly in Japan's priority areas. Japan's targeted level of assistance would be approximately no less than the level of the

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past years, with some annual fluctuations. Good projects should be proposed and formulated; which will be considered positively based on the evaluation of the implementation of previous projects. The level of assistance to the Lao PDR from Japan up to 2010 will be influenced by the Lao Government's efforts. Japan hopes that the Government will redouble its reform efforts and show stronger ownership in the efforts towards increasing aid effectiveness and donor coordination

United States of America (USA): H.E. Ms. Patricia Haslach, Ambassador, Vientiane

The Ambassador stated that the USA recognizes the participatory efforts made in preparing the Sixth Five-Year Plan. The USA would like an increase in economic freedom. Regulation of businesses and the investment environment must be simplified. The current body of laws needs to be re-crafted to encourage business, not limit it. It is necessary to improve the financial and banking systems. Implementation of the Bilateral Trade Agreement between the USA and the Lao PDR would satisfy many WTO entry requirements. It is important to make clear that FDI is welcome, that decision making is transparent, and that corruption will not be tolerated. The Ambassador welcomed the focus on increasing aid effectiveness and stated that the United States will sign the Vientiane Declaration on Aid Effectiveness. The USA expects that the Action Plan will be explicit on the roles of the private sector and civil society in implementing and monitoring the process.

The bulk of the USA's Aid focuses on: (i) narcotic affairs, which include alternative livelihoods, public awareness and treatment programs to address opium and ATS addiction. and law enforcement training; (ii) UXO abatement, training and victim assistance; (iii) public health focused on avian influenza, HIV/AIDS and Malaria; and (iv) programs to strengthen the Lao legal system and to assist with BTA implementation as well as WTO accession. The USA is committed to supporting the people of the Lao PDR in the future as it does now.

Republic of Korea: H.E. Mr. Chung Soonsuk, Ambassador, Vientiane

The Sixth Five-Year Plan has ambitious goals. The Republic of Korea would like to focus on developing a market-orientated economy and human resources development; and assist the Lao PDR in achieving the MDGs and leaving the LDC status. This will not be an easy job and the Lao PDR will have to show strong ownership and be more active to ensure strong momentum. The Republic of Korea will share experiences on nation building and provide support for capacity building. The Lao PDR is a priority country for Korean ODA. The Republic of Korea has undertaken joint programs in areas such as education, human resources development, IT, rural development and environmental protection. The Republic of Korea will cooperate with the Government of the Lao PDR to achieve the national goals.

Switzerland/SDC: H.E. Mr. Jacques Lauer, Minister, Embassy, Bangkok, Thailand

The Ambassador commended the Sixth Five-Year Plan, which provides a single strategy and framework for the country's medium term development efforts. Switzerland has recently opened a representation office in Vientiane to increase Swiss cooperation quantitatively and qualitatively, and expects to double Swiss aid to reach CHF 10 million

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by 2010. Switzerland will continue to focus on rural livelihoods, governance, and poverty alleviation in the upland areas. It is important that the people reap the benefits of development, particularly those in upland areas. Policy making should be based on evidence and be relevant to each area instead of *one size fits all*, and Switzerland is willing to provide support in this direction. Switzerland is pleased with the program on harmonisation and alignment and aid effectiveness and looks forward to contributing to it.

Poland: Dr Tomasz Gerlach, Charge d'Affaires a.i., Vientiane

Poland is eager to support the development of the human resources of the Lao PDR. The Polish side is intending to offer experienced technical staff to organize training for the Lao staff in the mining and hydropower sectors. Due to their experience in these fields, the Polish experts are able to provide a good level of training and efficiently organized courses. The Polish side is ready to accept all solutions in which Polish specialists could be involved in the training programs of the WB, ADB, UNDP and the EC. Poland would like their offer to be sent to those concerned and considered.

Singapore: H.E. Ms. Karen Tan, Ambassador, Vientiane

The Ambassador congratulated the Government on the Sixth Five-Year Plan (2006-2010). The Lao PDR and Singapore have cooperated to narrow the development gap within the ASEAN. Singapore is committed to provide technical assistance to the Lao PDR to complement the Government's efforts to integrate into the ASEAN, and to lift the country out of its LDC status by 2020. Singapore's technical assistance programme is based on the philosophy that human resources development is the key to sustainable economic development. Singapore's technical assistance is delivered under the broad framework of the Singapore Cooperation Programme (SCP) and the Initiative for ASEAN Integration (IAI) Programme. Singapore set up the Lao-Singapore Training Centre (LSTC) in November 2001 to train the Lao officials. The National University of Singapore (NUS) Law Faculty Legal Writing Team is currently in Vientiane to complete its third project on translating the Lao Laws into English. Singapore reaffirmed its commitment to the ongoing SCP and IAI Programmes. Singapore stands ready to cooperate with the Lao Government in its implementation of the Legal Sector Master Plan.

Sweden/SIDA: Ms. AnnLis Aberg, Chargée d'Affaires.

Ms. AnnLis Aberg stated that it is gratifying that the economy shows continued steady and high growth; but there is still a finance gap for the implementation of the Sixth Plan, which is of concern. The budget revenues are increasing but remain low. The balance between recurrent costs and investment is another issue that needs to be considered. The development of the private sector is encouraging, but the Government needs to be aware of the possible negative impacts of rapid exploitation of the natural resources.

Sweden's development cooperation with the Lao PDR is regulated by a country strategy for the period 2004-08 and a Bilateral Agreement on Development Cooperation. The objectives of Sweden's support are to strengthen the Lao PDR's capacity to reduce poverty

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on a long-term and environmentally sustainable basis; and to promote and strengthen the conditions for democracy, rule of law and respect for human rights. Approximately USD 22 million is allocated annually for the bilateral cooperation during this period. Also, approximately USD 3 million is allocated for regional cooperation, primarily via the Mekong River Commission (MRC) and ADB's support to the Greater Mekong Sub-Region (GMS) activities, and the Asian Institute of Technology (AIT). The Swedish cooperation will continue; but the mid-term review in January 2007 will determine the size and content of the continued cooperation programme. Therefore it is not possible, at this stage, to indicate an amount for the period after 2008. Sweden's overall development cooperation policy is shifting towards programme type support. The Government has Sweden's full support to implement the Paris Declaration.

China: H.E. Mr. Liu Yongxing, Ambassador, Vientiane.

The Ambassador expressed his appreciation to the Government for this useful Ninth RTM, as it is a good opportunity to exchange views with the development partners and to promote assistance to the Lao PDR. The Paris Declaration has provided the guiding principles and it will increase the effectiveness of assistance to the Lao PDR. China and the Lao PDR are close countries with mountains and rivers as borders, and a long-standing tradition of relations.

China will give bilateral and multilateral support to infrastructure and human resources development and will continue to support the Lao PDR in its development. China is also working with other development partners. China is happy to work with the development partners to support the Lao PDR's development.

India: H.E. Mr. Suresh K. Goel, Ambassador, Vientiane.

India has watched the significant economic growth in the Lao PDR and applauds the Government for the achievements and hopes that they will continue. The reforms of public expenditure management, banking and SOEs are necessary. India has had close cooperation with the Lao PDR for many years. India is committed to assisting the Lao PDR to achieve their goals by 2020, and will work with the Lao PDR at all levels to the best of our ability. Capacity building and human resources development are important for the Plan. India has assisted a number of projects in the Lao PDR such as the establishment of a transmission line, an IT centre and a national data centre. Future assistance areas include: establishment of a data centre, development of tourist information, establishment of a community information centre, rural development, computer systems, an English language training centre, HR development and scholarships. Assistance to industry is an important component of this Plan.

Luxembourg: H.E. Mr. Marc Ungeheuer, Ambassador, China, Beijing

The Ambassador thanked the Government for the organization of the Meeting. The Luxembourg Government has decided to double its contribution to the Lao PDR and has committed itself to the strategy 2006-10 donating € 35 million over the next five years. Luxembourg decided not to pledge but is committed to the Sixth Five-Year Plan. The

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objectives of Luxembourg's support are poverty reduction, health, education, human resource development and rural development. The social sectors such as health and education should be highlighted.

Thailand: Mr. Piamsak Milintachinda, Director-General, Thailand International Development Cooperation Agency (TICA)

The Director-General congratulated the Government and UNDP for the organization of the RTM and for the achievement of the overall targets outlined. Thailand commends and is also committed to the Sixth Five-Year Plan and the guidelines for priority sectors. Thailand's cooperation programme with the Lao PDR is based on a demand driven approach to ensure that Thailand's support meets the real needs of the Government and the Sixth Plan. Human resources development is at the top of Thailand's agenda. Thailand has committed to provide technical cooperation to the Lao PDR in 2007 in the form of 25 scholarships for Master's degrees at Thai Universities, and also 100 fellowships to participate in short-term training in Thailand. Also, Thailand supports 13 projects in agriculture, education and health sectors. In 2005, the total value of total ODA of Thailand was USD 33 million of which USD 23.37 million or 71 percent was contributed to the Lao PDR. Thailand's Prime Minister assured to continue to enhance cooperation between Thailand and neighbouring countries. Thailand believes in increasing programme-based aid, which will contribute significantly in terms of complementarity. Thailand's activities will be on results-based management in order to yield benefits to the people and concerned segments of the society. Thailand will work closely with our partners and the international community to attain our common endeavors in aid effectiveness.

Germany: H.E. Dr. Peter Wienand, Ambassador, Vientiane, Lao PDR

Germany has already committed USD 192 million to the Lao PDR in bilateral aid. In December 2006, USD 17 million has been agreed for the next two years. About € 2 million has been allocated to capacity building. Germany will also continue the German agro-action. In Germany's bilateral programme, the main focus is on rural development, sustainable economic development, vocational training and private sector development. Germany is committed to the Paris Declaration. In future, Germany will continue cooperation at the same level and even expand it.

New Zealand: Ms. Lynn De Silva, First Secretary and NZAID Manager, Bangkok

Ms. Lynn De Silva expressed her sincere appreciation to the Government and stated that New Zealand has already committed support for the FY 2007 programme of assistance to the Lao PDR. In November 2005, New Zealand launched its Five-Year Country Strategy focusing mainly on sustainable land resources management, human resources development and private sector development. New Zealand's support is concentrated in Xiengkhoung Province, with streamlining programme activities in the Lao PDR, providing English language training for Lao officials, and the Plain of Jars project; and the three-year project in Luang Namtha. New Zealand is giving financial assistance to the UXO National Regulatory Authority in 2006/07 and for the clearance of the UXO at the Plain of Jars.

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Also, it supports the WWF community fisheries programmes. It is important to support harmonisation and aid effectiveness. New Zealand supports the Joint Statement on Aid Effectiveness and signed the Paris Declaration, the Cambodian Statement on Aid Effectiveness and the Vientiane Declaration on Aid Effectiveness.

France: H.E. Mr. Maurice Portiche, Ambassador, Vientiane

The Ambassador indicated that the Lao PDR and France will soon sign a country partnership document (*Document cadre de partenariat* or DCP), which has jointly defined the priorities for the next five-years. This partnership document gives better effectiveness and visibility for French aid. The DCP includes all French players working in the development field in the Lao PDR. The priority sectors where France devotes all its efforts are: agriculture and food security; urban infrastructure; health and the fight against aids; culture and cultural heritage; higher education and research for development; and governance and institutional capacity building. The disbursements for 2006 were: USD 15.1 million for state interventions; USD 1.5 million for sub-regional activities covering several countries in the sub-region but especially Vietnam, Cambodia and Laos; USD 1.9 million through international non-governmental organisations in which the French Government has financed 33 percent of the total; and USD 0.5 million from local authorities, which is a total of USD 19 million for 2006. For 2007, France has committed USD 16.2 million from the state; USD 1.5 million for sub-regional actions; USD 1.9 million through International non-governmental organisations in which the French government finances 33 percent of the total; and USD 0.5 million from local authorities, which reaches a total of USD 20 million. For 2008, 2009 and 2010, the financial engagements of France should follow the same tendency, the pace of which will of course depend on the administrative capacities to elaborate, examine and approve the actions (projects) to be implemented.

Australia: H.E. Mr. Alistair Charles Maclean, Ambassador, Embassy, Vientiane

The Australia-Lao PDR Development Cooperation Strategy for 2004-10 defines Australia's aid program. Australian support is determined annually, in line with Australia's domestic budgeting priorities. Australian annual support is around A\$ 21 million, focused on three key areas: (i) education - building Lao human capital through improved access to education and support for applying new skills and knowledge; (ii) market economy and trade - promoting a market economy through improved land tenure, support for private sector development and assistance for the Lao PDR's further integration into regional and global trade structures; and (iii) reducing the vulnerability of the poor through reducing the impact of disasters including UXO. Australia's recent aid policy White Paper includes a commitment to almost double the global aid effort of Australia to around \$ 4 billion by 2010. The policy includes a greater focus on linking our aid to performance, strengthened governance and reduced corruption. The policy is closely aligned with the Paris Declaration, with stronger partnerships, closer alignment, increased assistance and streamlined implementation through existing mechanisms as key elements. Australia's development strategy for the Lao PDR will be re-assessed in 2007 in light of the White

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Paper on Australian Aid. While maintaining focus, Australia will assess possible increased commitments in education, trade reform and public financial management.

European Commission (EC): H.E. Dr. Friedrich Hamburger, Ambassador – Head of Delegation, Bangkok, Thailand

The EC has aligned new member states and a 13 new country strategy. The EC congratulates the Government and UNDP for this Meeting, which has brought together new and existing donors. The EC will give the Lao PDR € 30 million in aid over the next four years, which is over USD 10 million a year. The regional cooperation framework will facilitate the integration of the Lao PDR in the regional economy. The EC will support the development of upland people, efforts on WTO accession, and the implementation of existing commitments under trade agreements such as the BTA.

International Non-Governmental Organizations (INGOs): Mr. Luc Delneuve, Country Manager, Handicap International Belgium, Vientiane.

The INGOs congratulated the Government on the progress and on the continuing activities and plans for improving education. The INGOs strongly support the focus on the poor, on vulnerable groups, on reducing urban and rural differentials, and on addressing the quality as well as the quantity of education in the Lao PDR.

The INGOs offered their support for achieving a quality education system from which all the Lao people are able to benefit. More needs to be done to develop appropriate strategies for better enabling rural and ethnic children to enroll and complete their schooling by increasing participation, livelihoods support and the provision of basic schooling materials. Teachers need professional support to reduce isolation. Also, it is necessary to put in place systems that ensure the timely payment of salaries. More needs to be done to ensure the disabled children, children with learning difficulties and other marginalized children to be included in the education system.

The INGOs affirmed their commitment to help the Government achieve its health targets. A number of areas were highlighted where NGOs are best placed to offer support, such as the expansion of the rural health service network; upgrading the capacity of health workers; and mainstreaming health messages relating to control of communicable diseases. The INGOs commended the Government's commitment, as stated in the Sixth Five-Year Plan, to ensure food security, conserve the natural environment, improve rural livelihoods and reduce urban/rural disparities; and for the recent approval of the Forestry Strategy to the Year 2020. The INGO community will continue to work closely with all levels of the Government to support the implementation of these strategies. Action is urgently needed to prevent a slide towards an extractive economy and to secure and enhance the rights and resources of the rural people. The NGOs have an important role to play in assisting the Government in the implementation of pro-poor strategies for the rural people.

The INGOs support renewed efforts in three main areas of UXO action, which are clearance, assistance to victims and UXO mine risk education. Good governance is

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essential for achieving poverty reduction in the Lao PDR. Most INGOs in the Lao PDR explicitly pursue improving governance in their programs.

ADB: Mr. Arjun Thapan, Director General, Southeast Asia Department, Manila.

The Board of Directors of the ADB has recently endorsed a new Country Strategy and Program, which has fully aligned the ADB's assistance with the Sixth Plan. This strategy is focused on raising the economic growth rate for inclusive development, social development and improved governance. This strategy envisions a multi-partner effort to improve the quality and access to basic education and preventative healthcare services, to foster agriculture commercialization, and to improve the enabling environment for small and medium-scale enterprises. A multi-partner supported effort will be made to improve public sector financial management, aimed at both maintaining fiscal sustainability and sharpening the poverty impact of public spending. The ADB's national program has been designed to complement the Greater Mekong Sub-Region (GMS) initiatives, especially those aimed at fostering connectivity, promoting large-scale foreign investment in sectors such as hydropower, and creating regional public goods. The ADB will step up its support to social development concentrating on the need to rebalance public spending and building institutional capacity. The ADB will now shift its capacity building support towards a longer-term multi-partner effort aimed at supporting capacity development in the core sectors of education, health, agriculture and transport.

The ADB's financial support for implementation of the Sixth Plan originates from both the national and the GMS programs. It is comprised of both disbursements from already agreed commitments, as well as new loan and technical assistance commitments expected during the 2006-2010 period. At the end of 2005, the ADB had existing commitments of approximately USD 470 million, of which USD 250 million is scheduled for disbursement during the Sixth Plan period. In addition, the ADB anticipates providing approximately USD 225 million in new commitments during 2006-2010. The new commitments would be subject to the availability of ADF resources, and the results of the annual Country Performance Assessments and the biannual country performance reviews. In addition, selected projects that are conducive to commercial public and/or private sector financing are currently under consideration, which could add an additional USD 50-100 million during the Sixth Plan period. Implementation of the Sixth Plan will be a complex and demanding task, but the ADB is confident that the ambitious goals and targets will be met.

World Bank (WB): Mr. Ian C. Porter, Country Director, Bangkok.

The WB will continue to be an active development partner of the Lao PDR in accordance with its Country Assistance Strategy for 2005-2009, which supports the Sixth Five-Year Plan in the following priority areas: (i) sustaining growth through regional integration and private sector development, rural development and natural resource management; (ii) improving social outcomes and reducing vulnerability through strengthened public financial management and service delivery capacities and targeted poverty reduction programs; (iii) adopting a strategic approach to capacity development and partnerships to support better the National Growth and Poverty Eradication Strategy and the Sixth Five-Year National Socio-Economic Development Plan results; and (iv) supporting the

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implementation of the Nam Theun 2 Project. This assistance will be through a combination of technical assistance, advisory services and investment and budget support operations through IDA grants. The assistance in the coming years will comprise budget support under the Poverty Reduction Support Operations, economic and analytical work, capacity development, and infrastructure and other investment projects in rural development, health, education, and natural resources management and the environment sectors. Over the current plan period, WB's support will be about USD 165 million dollars (or USD 33 million per year); made up of un-disbursed commitments of the existing portfolio of projects, new projects, new projects in the pipeline and ongoing and planned technical assistance activities. An increase of WB's support beyond this level is dependent on improvements in the Lao PDR's performance in policy and governance reforms and improvements in the performance of the portfolio of World Bank supported projects in the Lao PDR.

United Nations Joint Statement: Ms. Sonam Yangchen Rana, UN Resident Coordinator, Vientiane.

The UN Country Team comprising of 10 resident and 12 non-resident UN funds, programmes and specialised agencies confirmed their commitment to the Sixth Five-Year Plan (2006-2010). The UN system cooperation framework for the Lao PDR, called the United Nations Development Assistance Framework (UNDAF), was prepared in close consultation with the Government of the Lao PDR, in direct support of the Sixth Plan, and in the spirit of the Paris Declaration. The UN Country Team used the Government's national planning framework as well as the MDGs, as the main filters in developing the UN system cooperation framework. The UNDAF is focused on three main areas: (i) poverty reduction, food security and livelihoods; (ii) the social sectors comprising of education, health and HIV/AIDS; and (iii) governance. Through the UNDAF, the UN system expects to mobilise a total of approximately USD 190.6 million during the five-year period from 2007 to 2011 for assistance to the Lao PDR. This includes resources that form part of the core funding of the UN agencies operating in the Lao PDR as well as funds mobilised from other external partners. Of this total, it is estimated that approximately USD 83.2 million will be allocated to poverty reduction, food security and growth initiatives; USD 71.9 million to the social sectors; and USD 34.3 million to the governance initiatives. These figures do not include the contributions of the World Bank and the Asian Development Bank, who pledged separately.

International Monetary Fund (IMF): Mr. Ben Bingham, Deputy Division Chief, Washington, D.C.

The Lao PDR's economic performance in recent years has been encouraging in many respects, due to disciplined economic management, robust economic growth and gradual regional integration. The IMF projects the economic growth of the country averaging at around 7 percent over the next five years. The macroeconomic situation is still fragile. Revenues have started to improve, but are still low by regional standards. Public service delivery will need to be upgraded significantly. The key macroeconomic policy priorities for the current five-year plan period are: sustaining broad-based economic growth, maintaining macroeconomic stability; managing the external public debt cautiously;

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reforming center-province relations; pressing ahead with complementary reforms to strengthen fiscal management; and accelerating reforms in the banking system. The development of the Lao PDR's rich natural resources has the potential to substantially enhance the country's development prospects; but the emergence of resource-based revenues also poses a unique set of problems for macroeconomic management. It is critical that these revenues contribute to sustainable development and poverty reduction. The absence of a well-articulated macroeconomic framework is an issue that will need to be addressed in future plans. Also, it is necessary to improve further the quality of the Lao PDR's statistical data.

International Fund for Agricultural Development (IFAD): Ms. Atsuko Toda, Country Programme Manager, Rome.

The IFAD Country Programme Manager congratulated the Government on the poverty reduction efforts in different parts of the Lao PDR. IFAD aims to move to grant financing and regional loans to develop partnerships with other donors. In 2007, IFAD will provide USD 5 million for the Northern Region Development Project. IFAD will support the initiatives by the Government of Thailand to strengthen regional markets to strengthen the local markets.

UN Economic and Social Commission for Asia and the Pacific: Aynul HASAN, Chief, Least Developed Country Coordination Unit, Bangkok, Thailand

The UNESCAP pays great attention to the Lao PDR as it is a priority Least Developed Country and Landlocked Least Developed Country (LLDC). The UNESCAP supports the Sixth Five-Year Plan (2006-2010). The former Prime Minister of the Lao PDR was invited to the UNESCAP in Bangkok where he made many observations on the various challenges that are being faced in the region. The list of LDCs has been growing. The commitment by the Lao PDR to graduate from LDC status is a wise one. A study is being carried out by UNESCAP on aid effectiveness. There is a strong relationship between aid effectiveness and GDP growth. A 25 percent increase in aid effectiveness can have a 2 percent increase in GDP. The UNESCAP will continue to support the Lao PDR in the areas of: WTO accession, transport, statistical data, poverty alleviation, cross-country initiatives, ASEAN highway, and the Brussels Programme of Action for LDCs. The UNESCAP will spearhead the LLDC initiatives and support the implementation of the Sixth Five-Year Plan.

D. Summary of Pledges and Areas of Support

A Summary of the pledges made and the areas of support indicated by the Partners in Development during the Meeting are presented in Table 1.

Table 1. Pledges and Indicated Areas of Support

No.	Country/Organization	Pledged Amount	Areas of Support
1	European Union	USD 75-80 million per year	<ul style="list-style-type: none"> - Financial sector reform - Ethnic minorities' dev. - Judicial system

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No.	Country/Organization	Pledged Amount	Areas of Support
			<ul style="list-style-type: none"> - Governance - Human rights - Resettlement policy - Aid effectiveness - Achievement of MDGs
2	EC	€30 million for four years	<ul style="list-style-type: none"> - Regional integration & WTO accession - Banking sector reform - Uplands dev.
3	France	Total of USD 19 million for 2006 and USD 20 million for 2007	<ul style="list-style-type: none"> - Agriculture and food security - Urban infrastructure - Health and HIV/AIDS - Culture and cultural heritage - Higher education and research for development - Governance and institutional capacity building
4	Germany	USD 17 million for the next two years, plus funding through NGOs	<ul style="list-style-type: none"> - Capacity building - Agriculture - Rural dev. in Northern Region - Sustainable economic dev. - Vocational training
			-
5	Luxembourg	€ 35 million for four years	<ul style="list-style-type: none"> - Poverty Reduction - Health - Education - HRD - Rural development
6	Sweden	USD 22 million per year during 2004-2008 with about. USD 3 million allocated for regional cooperation	<ul style="list-style-type: none"> - Democracy - Rule of Law - Human Rights - Governance capacity building - Sustainable poverty reduction - Regional cooperation - Programme support (PRSO?)
7	Switzerland	Increase gradually and reach CHF 10 million per year by 2010	<ul style="list-style-type: none"> - Governance - Rural livelihood dev. - Upland ethnic minorities' dev. - Market liberalization
8	Australia	A\$ 21 million per year for the period 2004-2010	<ul style="list-style-type: none"> - Capacity building - Education - Market economy and trade - Private sector

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No.	Country/Organization	Pledged Amount	Areas of Support
			<ul style="list-style-type: none"> development - Reduce vulnerability of the poorest people through reducing the impact of disasters inc. UXO - Public financial management
9	Asian Development Bank	USD 250 million approved projects to be disbursed during 6 th Plan period, plus about. USD 225 million in new commitments in 2006-2010, plus USD 50-100 million for commercial public and private sector projects	<ul style="list-style-type: none"> - GMS initiatives - Foster regional & global connectivity and foreign investment - Private and financial sector dev. PEMSP - SMEs - Education & Health - Infrastructure - Capacity building - Technical assistance
10	World Bank	USD165 million for 6 th Plan period	<ul style="list-style-type: none"> - Regional integration, private sector dev., rural dev. and natural resources dev. - Strengthening public financial management, service delivery and targeted Poverty Reduction. Programs. - Capacity development - Nam Theun II
11	United Nations Agencies	USD 190.6 million for five years (2007-2011)	<ul style="list-style-type: none"> - Poverty, food security and livelihoods - Social sectors incl. education, health and HIV/AIDS - Governance
12	IFAD	USD 5 million in 2007	<ul style="list-style-type: none"> - Rural development - Northern region dev. project - Regional and local market dev.
13	Japan	At least try to maintain current level of support	<ul style="list-style-type: none"> - HRD - Technical assistance - Financial Management - PRSO - Dev. as centre of GMS
14	China	Not mentioned	<ul style="list-style-type: none"> - Infrastructure - HRD
15	USA	At least maintain current level of support	<ul style="list-style-type: none"> - Narcotics - UXO abatement - Public Health - Lao Legal system

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No.	Country/Organization	Pledged Amount	Areas of Support
			- BTA implementation
16	India	Not clearly mentioned	- HRD - Establishment of a data centre - Development of tourist information - Establishment of a community information centre - Rural development, computer systems - English language training centre - scholarships
17	Korea	Increase grants & loans. Amount not mentioned	- Nation building - Education - Capacity building - HRD - IT - Rural development - Environmental protection
18	Thailand	Amount not mentioned	- HRD, fellowships - Technical cooperation - Agriculture - Education - Public health
19	New Zealand	Amount not mentioned	- Land and natural resources management - HRD - Private sector dev. - English language training - Plan of Jars/UXO clearance - Fisheries
20	Singapore	Amount not mentioned	- TA - HRD - ASEAN integration programme - Translating Lao Laws into English - Implementation of the Legal Master Plan
21	Poland	Amount not mentioned	- TA in mining and hydropower sectors
22	INGOs	Amount not mentioned	- Poor isolated groups - Services for ethnic groups - Decentralization - Basic services (education & health)

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No.	Country/Organization	Pledged Amount	Areas of Support
			<ul style="list-style-type: none"> - Environmental sustainability/natural resources - Improve Livelihoods - Agri-businesses - People's participation

E. Vientiane Declaration on Aid Effectiveness

H.E. Mr. Phongsavath Boupha, Vice Minister of Foreign Affairs, presented the Vientiane Declaration on Aid Effectiveness to the participants of the Meeting for consideration, adoption and endorsement by the Government and the Partners in Development at the Ninth RTM (see Annex 11). He outlined the recent origins of the initiatives on harmonization, alignment and managing for results to enhance aid effectiveness. He explained that the Vientiane Declaration on Aid Effectiveness is a joint attempt by the Government and the Partners to localize the Paris Declaration to the Lao context, and is the result of consultations within the Government and with the Partners in Development. The Vientiane Declaration focuses on five main areas: ownership, alignment, harmonization and simplification, managing for results and mutual accountability. The localised Declaration provides the overall framework for the pursuance of aid effectiveness in the Lao PDR. An Action Plan to translate the commitments in the Declaration into actions will be formulated; and a tentative schedule has been worked out to prepare and adopt the Action Plan by 31 May 2007. On behalf on the Government, he thanked the Partners in Development for their constructive inputs and strong support to move forward with this initiative on aid effectiveness in the Lao PDR.

F. Statements on the Vientiane Declaration on Aid Effectiveness

The Partners emphasized that it is critical to take all possible measures to maximise the impact of development assistance. The Government has already taken important steps in this direction by signing the Paris Declaration on Aid Effectiveness and working with the Partners in Development to draft a localised Declaration. The progress made in the field of aid coordination and harmonisation to enhance its effectiveness has resulted in the elaboration of the Vientiane Declaration on Aid Effectiveness. The Partners in Development support increased Government ownership of the development process to ensure alignment of donor inputs to the country's own strategies, priorities and procedures; and to harmonize donor activities with a view to reduce the administrative, transfer and coordination costs.

The Government and the Partners in Development were urged to move quickly to develop the Action Plan with realistic, time-bound indicators and targets for tracking progress. The Partners are pleased that this will be formulated in the first half of 2007. A key part of aid effectiveness is mutual accountability for results as well as a sound monitoring and evaluation framework that enables the Government and development partners to measure their progress. Therefore, a monitoring framework is necessary for guiding the implementation of the Vientiane Declaration. A sense of ownership is the fundamental principle for aid effectiveness.

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G. Signing the Vientiane Declaration on Aid Effectiveness

The Vientiane Declaration has been signed by the Government and 22 Partners in Development, including the representatives of 18 Partner Countries (Australia, Austria, Belgium, China, Cuba, Finland, France, Germany, Indonesia, Japan, Republic of Korea, Luxemburg, New Zealand, Poland, Singapore, Sweden, Switzerland and the United States of America), three multilateral agencies (Asian Development Bank, the European Commission and the World Bank), and the United Nations (UN Resident Coordinator on behalf of all UN Agencies). It is placed on the 9th RTM website at www.rtm.org.la. The Declaration is open for other interested Partners to sign.

Closing Ceremony

A. Concluding Remarks by the Co-Chairman

Dr. Hafiz Pasha, UN Assistant Secretary-General, and UNDP Assistant Administrator and Director, Regional Bureau for Asia and the Pacific, provided the Meeting with concluding remarks, in which an overview of the main comments made during the Meeting was given (see Annex 12). Dr. Pasha commended the remarkable success of the Ninth RTM, which was complemented by rich dialogue and the clear recognition and strong appreciation by the Partners in Development of the impressive achievements of the Lao PDR since the Last RTM in 2003 and also for the Sixth NSEDP 2006-2010. The Partners in Development applauded the further reductions in poverty in the recent years, the strong economic growth performance, the impressive levels of foreign direct investment, progress on the trade agenda, and recent steps to improve the procedures and regulations facing new domestic business creation. The Partners in Development look forward to the operationalization of the Vientiane Declaration under Government leadership in the coming months and years. Dr. Pasha concluded by thanking the Government of Lao for organizing such a successful RTM in terms of both the quality of the presentations and richness in dialogue and the attendees of the Meeting for actively participating.

B. Closing Remarks by the Chairman

In his closing remarks, H.E, Dr. Thongloun Sisoulith, Deputy Prime Minister and Minister of Foreign Affairs and Chairman of the Meeting, stated that the dialogue and discussions during the Meeting have been frank, constructive and fruitful (see Annex 13). A brief summary of some of the significant points raised, regarding the Sixth Plan (2006-2010), governance measures, private sector and trade development and the fiscal area, was given. He expressed the immense gratitude of the Government of the Lao PDR for the strong support from the Partners in Development for the implementation of the Sixth Plan and the endorsement of the Vientiane Declaration on Aid Effectiveness. The Government looks forward to working with the Partners in Development on formulating and adopting the Country Action Plan on Aid Effectiveness. He commended the deliberations at the Meeting, which helped to strengthen the partnerships and enabled a rededication to the

Vientiane, 28-29 November 2006

implementation of the development agenda of the country within the framework of the Sixth Five-Year Plan. He concluded by reiterating the appreciation and gratitude of the Government to the Partners in Development for their valuable assistance and support to the development of the Lao PDR and stated that the Ninth RTM had been a great success.

ANNEXES

ANNEX 1: Invitation Letter to the Ninth RTM

Vientiane, 28-29 November 2006

**LAO PEOPLE'S DEMOCRATIC REPUBLIC***Peace Independence Democracy Unity Prosperity*

Ministry of Foreign Affairs

No. /MOFA
Vientiane,**INVITATION
Ninth Round Table Meeting
November 28-29, 2006, Vientiane, Lao PDR**

Excellency,

On behalf of the Government of the Lao People's Democratic Republic, it is my great pleasure to invite your Excellency to participate in the Ninth Round Table Meeting, scheduled for November 28-29, 2006. A draft agenda for the Meeting is attached.

This is the third time that the Round Table Meeting held once every three years will take place in Vientiane. The Meeting is an integral part of the in-country *Round Table Process* launched by the Government in January 2000 with the aim to strengthen the partnership between the Government of the Lao PDR and its partners in development. The objective of the Meeting is to solidify the commitments and support of the partners for implementation of the Sixth Five-Year National Socio Economic Development Plan (2006-2010).

To strengthen partnerships and enhance the effectiveness of official development assistance (ODA), we have arranged a draft Joint Lao-Partner Statement and an Action Plan on the effectiveness of ODA in accord with the Paris Declaration on Aid Effectiveness. The Sixth Plan provides the overall framework for these initiatives. We intend to finalize the Joint Statement on Aid Effectiveness in consultation with the partners in development and make it ready for signing by the Government and the partners on the 29th of November 2006 as the culminating event of the Ninth Round Table Meeting.

The 6th five year-plan document approved by our National Assembly and a copy of the draft Joint Statement are enclosed. We will arrange to send you other information and background documents for the Meeting in due course.

The Government of the Lao PDR would be highly honoured if your Excellency could facilitate the participation of your Government/Agency in the Ninth Round Table Meeting at the highest level possible. In this regard, it would be very much appreciated if your participation in the Meeting could be confirmed at the earliest convenience to the attention of Dr. Bountheuang Mounlasy, Director-General, Department of International Cooperation, Ministry of Foreign Affairs [Telephone: (856-21) 416500; Fax: (856-21) 416067; and e-mail: mounlasy@yahoo.com].

Please accept, Excellency, the assurances of my highest consideration.

Dr. THONGLOUN SISOULITH
Deputy Prime Minister
Minister of Foreign Affairs

ANNEX 2: Agenda of the Ninth RTM

Vientiane, 28-29 November 2006



**NINTH ROUND TABLE MEETING
PARTNERSHIP FOR DEVELOPMENT
RESULTS
VIENTIANE, 28-29 NOVEMBER 2006**



AGENDA

28 November 2006

- 8:30-9:00** **Registration**
- 9:00-9:05** **Introduction by Master of Ceremony**
- 9:05-9:15** **Opening Address by H.E. Mr. Bouasone Bouphavanh, Prime Minister**
- 9:15-9:30** **Opening Remarks by Dr. Hafiz A Pasha, UN Assistant Secretary General, UNDP Assistant Administrator and Director, Regional Bureau for Asia and the Pacific**
- Chaired by H.E. Dr. Thongloun Sisoulith, Deputy Prime Minister, Minister of Foreign Affairs and Co-Chaired by Dr. Hafiz Pasha, UN Assistant Secretary General, UNDP Assistant Administrator and Director, Regional Bureau for Asia and the Pacific
- 9:30-9:50** **Presentation on Sixth Five-Year National Socio-Economic Development Plan by H.E. Mr. Soulivong Daravong, President, Committee for Planning and Investment**
- 9:50-10:05** **Coffee/Tea Break**
- 10:05-10:30** **Presentation on Governance Measures to Implement the Sixth Five-Year Plan by H.E. Ms. Bounpheng Mounphoxay, Minister to Prime Minister's Office, Chair of Public Administration and Civil Service Authority**
- 10:30-11:00** **Discussion**
- 11:00-11:30** **Presentation on Measures to Promote Private Sector and Trade Development by H.E. Mr. Siasavath Savengsuksa, Vice-Minister, Ministry of Industry and Commerce**
- 11:30-12:15** **Discussion**
- 12:15-13:30** **Lunch – All participants are cordially invited**

Vientiane, 28-29 November 2006

- 13:30-14:00** **Presentation on Implementation of FY 2005/06 Annual Plan and Proposals for FY 2006/07 Annual Plan** by H.E. Mr. Soulivong Daravong, President, Committee for Planning and Investment
- 14:00-14:30** **Presentation on FY 2005/06 Budget Execution and Proposals for FY 2006/07 Budget** by H.E. Mr. Somdy Douangdy, Vice-Minister, Ministry of Finance
- 14:30-15:15** **Discussion**
- 15:15-15:30** **Coffee/Tea Break**
- 15:30-16:15** **Discussion**
- 18:30** **Dinner Reception (with Lao cultural show) hosted by the Deputy Prime Minister, Minister of Foreign Affairs**

29 November 2006

- 8:30-8:50** **Presentation on Resource Mobilization to Implement the Sixth Five-Year Plan to Reduce Poverty and Achieve the MDGs** by H.E. Mr. Soulivong Daravong, President, Committee for Planning and Investment
- 8:50-10:00** Comments, statements and pledges to support the implementation of the Sixth Five-Year Plan, Reducing Poverty and Achieving the MDGs
- 10:00-10:15** **Coffee/Tea break**
- 10:15-11:15** Continuation of Comments, statements and pledges to support the implementation of the Sixth Five-Year Plan, Reducing Poverty and Achieving the MDGs
- 11:15-11:30** **Presentation on Joint Lao-Partner Declaration on Aid Effectiveness**
by H.E. Mr. Phongsavath Boupcha, Vice-Minister, Ministry of Foreign Affairs
- 11:30-12:00** **Adoption** of Joint Declaration by all.
Signing Ceremony (Government and Heads of Partner Delegations)
- 12:00-12:10** **Concluding Remarks** by Dr. Hafiz A Pasha, UN Assistant Secretary General, UNDP Assistant Administrator and Director, Regional Bureau for Asia and the Pacific
- 12:10-12:20** **Closing Remarks** by H.E. Dr. Thongloun Sisoulith, Deputy Prime Minister and Minister of Foreign Affairs

Vientiane, 28-29 November 2006

12:20-13:40 **Lunch - All participants are cordially invited**

14:00 Heads of Partner Delegations pay a courtesy visit to
H.E. Mr. Choummaly Xayasone, President of the Lao People's
Democratic Republic

FIELD VISIT TO XIENGHOUANG PROVINCE
(Optional)
29-30 November 2006

29 November 2006

15:30 Depart by chartered plane to Xiengkhouang Province

30 November 2006

8:30-15:30 Visit Unexploded Ordnance (UXO) sites and other projects

Late Afternoon Return by chartered plane to Vientiane

Vientiane, 28-29 November 2006

**ANNEX 3: Opening Address of the Ninth RTM by H.E Mr.
Bouasone Bouphavanh, Prime Minister of the Lao PDR**

Vientiane, 28-29 November 2006

Opening address
by

H.E Mr. Bouasone Bouphavanh, Prime Minister of the Lao PDR and Chairman of the National Steering Committee for the Round Table Process, the Millennium Development Goals and National Growth and Poverty Eradication Strategy

28 November 2006, Vientiane

- **Dr. Hafiz Pasha, Assistant Administrator and Director, Regional Bureau for Asia and the Pacific, UNDP**
- **Excellencies**
- **Ladies and gentlemen**

It is a great honour and pleasure for me to be invited to open this 9th Round Table Meeting today. This is the third time that the Lao PDR has organized this important Round Table Meeting in Vientiane.

First of all, I would like to extend a warm welcome and my sincere thanks to all the delegates from friendly countries, Members of the Diplomatic Corps, Representatives of the International Organizations and all other distinguished delegates attending this important meeting.

I would like to extend my special thanks to Dr Hafiz Pasha, United Nations Assistant Secretary General and UNDP Assistant Administrator and Director of the Regional Bureau for Asia and the Pacific, for his time and participation as the co-chairman of this meeting.

Distinguished delegates,

Since the 8th Round Table Meeting held in August, 2003, the Government of the Lao PDR has received about US\$ 1,153 million in assistance from friendly countries and international organizations, of which more than half or US\$ 669 million is in grant aid and about US\$ 484 million in concessional loans.

We have utilized these funds with domestic resource contributions to implement the Annual Socio-Economic Development Plans, under the Fifth Five-Year Plan on Socio-Economic Development; achieving several key results as reflected in the GDP growth rate of 7.5 percent in 2005-06, with the per capita income reaching US\$ 500; eradicating opium cultivation, and reducing the slash and burn cultivation areas by 7,000 ha and 22,400 ha. remained to be reduced. The improvements in other socio-economic development indicators illustrate the continued sustainable development of Laos.

On another front, the Lao People's Democratic Republic has taken a number of steps forward to make the country more democratic under the rule of law. In addition, the country has met its obligation as a member of the international community and has actively worked to contribute to the regional and international affairs.

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These achievements will create a fundamental base for the Lao People's Democratic Republic to maintain stability on the political and social-economic development fronts which are the good enabling conditions to attract more foreign investment and become a strong base to support the growth of the country.

**Distinguished delegates,
Ladies and gentlemen**

Simultaneous with the implementation of the Fifth Five-Year Socio-Economic Development Plan during the past three years, the Government of the Lao PDR has also studied and drafted the Sixth Five-Year Socio-Economic Development Plan (2006-2010) through a highly participatory process; and the Plan was adopted by our National Assembly in June 2006.

The Sixth Five-Year National Socio Economic Development Plan will play a vital role in achieving the overall targets outlined in the ten-year Socio-Economic Development Strategy (2001-2010) approved by the 7th Party Congress in 2001 and reaffirmed by the 8th Party Congress earlier this year. The Sixth Plan is a break-through plan for creating the strong fundamentals to boost the nation's status in the regional and international arenas. It also substantially incorporated the National Growth and Poverty Eradication Strategy and its goals coincide with the MDGs and those in the Brussels Programme of Action for Least Developed Countries. In implementing the plan, the Government of the Lao PDR will firstly concentrate all work on (i) integrated rural development projects to eradicate poverty; (ii) develop the private sector and promote trade as much as possible; and (iii) utilize the Official Development Assistance in a more effective and efficient manner within the overall framework of the Paris Declaration on Aid Effectiveness.

The overall directions for the Sixth Plan include transforming the multi-sectoral economy from uneven performance to fast and stable development within the market mechanisms guided by the State. The main focus areas are: promoting economic development, with human development as a key vehicle; utilizing comparative advantages to develop the country based on the sustainable development, long term and high effective directions; with the principles and targets balancing between economic growth, social development and environmental protection. The main social objective is to address poverty and help keep the socio-political situation stable.

**Excellencies
Distinguished delegates
Ladies and gentlemen**

It would not have been possible to succeed in achieving the advances in socio-economic development without the material and moral support and assistance from the international community. On this occasion, I take the opportunity on behalf of the Lao Government and the people to express our gratitude and thanks to all friendly countries and International Organizations for their support to the Lao PDR in various forms.

Looking ahead, the successful implementation of the Sixth Five-Year Plan (2006-2010) is critical for our country to leave the Least Developed Country status by 2020 through the process of industrialization and modernization. The important challenges for

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ensuring the successful implementation of the Sixth Five-Year Plan include good and appropriate plans including an investment plan and a human resource development plan.

Distinguished guests,

While all of us can be very proud of the past achievements, we realize that a number of difficulties lie ahead of us. These include the education of the people for capital accumulation is not strong; the human resource development is below target; the elaboration of the national programme into priority projects is still slow and not fully responsive to the needs on the ground; the application of advanced technology and modern equipment in production and in improving the living conditions of the people is still extended slowly. In addition, the coordination and monitoring works are not strengthened and need to be improved in the future.

So, I hope this Ninth Round Table Meeting will provide a good opportunity to all participants to openly and constructively discuss and exchange views on the difficult issues and challenges and agree on possible solutions with the aim to help the Lao PDR reach its goals set out in the Sixth Five-Year Plan including the Poverty Reduction Strategy therein; and enable the nation to exist the Least Developed Country Status by 2020.

In order to meet the high efficiency of the guidance on elaboration of the Sixth Five-Year Plan and to improve the convenience for coordination with the partners in development, the Government of the Lao PDR has improved the structure of the National Steering Committee for the Roundtable Process; established the National Committee for Rural Development and Poverty Reduction; and appointed senior Government officials to be responsible for the Working Group to have regular discussions with the partners in development.

I hope this meeting will come up with the best ways to further the cooperation between the Government of the Lao PDR, and friendly countries and International Organizations through harmonisation and alignment within the framework of the Paris Declaration; and to make more effective use of aid to further the socio-economic development of the country.

Now, I declare the Ninth Round Table Meeting officially open.

Thank You

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**ANNEX 4: Opening Remarks of the Ninth RTM by Dr.
Hafiz Pasha, UN Assistant Secretary-General, UNDP
Assistant Administrator and Director, Regional Bureau for
Asia and the Pacific**

Vientiane, 28-29 November 2006



OPENING REMARK BY

Dr. Hafiz A. Pasha

UN Assistant Secretary-General
UNDP Assistant Administrator and Director
Regional Bureau for Asia and the Pacific

for

The 9th Round Table Meeting for Lao PDR

(28 November 2006, Vientiane)

Your Excellency Prime Minister Bouasone Bouphavanh,
Your Excellency Deputy Prime Minister Thongloun Sisoulith,
Excellencies, Ladies and Gentlemen

On behalf of the international community, I would like first to thank his Excellency Prime Minister for honoring us with his participation this morning, and for providing this important gathering of development partners with a clear overview of his government's future plans. Your Excellency's opening address has provided us with great encouragement and motivation for renewing our collective efforts and further strengthening our partnerships in the future.

Three years ago I had the privilege of participating in the Eighth Round Table Meeting, and it is again a privilege and a pleasure for me to be participating here today, and to again have the honor of co-chairing with His Excellency Deputy Prime Minister Thongloun Sisoulith.

I also want to thank and congratulate all of Lao PDR's development partners for your strong collaboration and support to the development of Lao PDR over the years and for your participation here today at this Ninth Round Table Meeting. I know that some of you have traveled great distances to be here, reflecting your strong support and dedication to the further development of Lao PDR and further improvements in the well-being of the Lao people.

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The strong interest that the international community has in the development of Lao PDR is demonstrated by the presence here of representatives from as many as 36 countries and the EC, 4 international financial institutions, 15 UN agencies, and 22 Non-Governmental Organizations. I am particularly pleased to see here many emerging Asian donors.

Excellencies, Distinguished Participants,

Many participants here today will recall that the last Round Table Meeting was very much focused on a review of the government's poverty reduction strategy and efforts to achieve the Millennium Development Goals. In follow-up to the recommendations offered at the last RTM, the Government's national poverty strategy was further refined and approved in the form of the National Growth and Poverty Eradication Strategy (NGPES). This has now been fully integrated into the new 6th National Socio-economic Development Plan up to the year 2010.

Most important have been the results achieved in the last few years. Poverty has declined sharply to almost 30% in 2005 down from 34% in 2003, 39% in 1998 and 46% in 1993. In addition, significant progress has been made towards the achievement of many of the MDGs.

These achievements have been underpinned by a high and accelerating GDP growth rate approaching 7 ½ %, and a declining inflation rate which is now relatively low single digit. In fact, Lao PDR has emerged as one of the best performing LDCs in the world. These results are a testimony to the effective utilization of domestic and foreign resources.

Looking forward, however, there are many continuing challenges. Poverty remains widespread, especially in rural areas and in more remote parts of the country. The National Socio-Economic Development Plan aims to reduce poverty to 15% by 2010. This will clearly require much greater focus on rural areas where the vast majority of Lao people still live and work.

Fortunately, there is also an emerging opportunity to effectively reinvest the growing revenues from mining and hydroelectricity into increasing the human resource capacity of

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Lao people especially in rural areas. Without such increased investments in the productive skills of the people, the emerging opportunities arising from further economic and trade liberalization may largely by-pass the majority of people in rural areas and inequalities could begin to widen, as we have seen in many other Asian countries.

Many of you will also recall that the last Round Table Meeting strongly concluded that the private sector would need to become the “engine of growth and poverty reduction”. Here again we have seen significant progress during the last three years.

Especially notable was the passage by the National Assembly of the new Enterprise Law in October 2005 aimed at simplifying regulations and procedures for starting up a business. Equally notable was the more recent Order issued by His Excellency the Prime Minister assigning responsibilities, roles and actions for more effective implementation of the new Enterprise Law. Already, the number of days it takes to start up a business in Lao PDR has come down and further substantial decreases are envisaged in the coming year.

Clearly, the further development of a competitive job-creating private sector will also be a critical ingredient to ensuring success as Lao PDR continues to integrate more deeply into the regional and global economies. Especially significant here has been the continued decline in tariffs within AFTA, and ongoing preparations for accession to WTO.

However, ensuring that trade leads to meaningful and sustainable improvements in people’s lives is neither automatic nor guaranteed. Greater openness to trade offers significant opportunities for improving human well-being; but again, such opportunities will not be realized by many of the Lao people unless they have been enabled to participate, through much improved access to basic health, education, training and information. This message is clearly brought out by the National Human Development Report on Lao PDR for 2006, which is being circulated today.

Excellencies, Distinguished Participants,

Another high priority concern expressed at the last Round Table Meeting was the need for consolidation and further improvements in governance across a range of areas. Such

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improvements were seen as essential to the development of a competitive job-creating private sector, rapid reductions in poverty and the achievement of the MDGs.

Here again we have seen significant progress. Especially notable, the role and oversight capacity of the National Assembly has continued to develop, and there have been lots of discussions on issues like laws against corruption and their enforcement are increasingly raised and debated by Lao parliamentarians.

In general, participation of various stakeholders in the development dialogue has also been significantly widened. As noted by His Excellency the Prime Minister, for the first time the drafting of the National Socio-Economic Development Plan for 2006-2010 has involved open consultations with international development partners as well as with the domestic stakeholders. This has helped greatly enrich the new five year development plan, which clearly enjoys a high level of political commitment.

At the same time, however, greater transparency and access to reliable and timely information will be essential to promoting dialogue and a more effective national decision making and accountability process.

In addition, we are excited to hear of the government's plans to further reform public administration and public sector financial management, including improvements in fiscal administration, state owned banks and state owned enterprises; more effective decentralized service delivery, and increased access to justice and human rights.

Excellencies, Ladies and Gentlemen,

I have highlighted but a few of the many achievements, meaningful results and remaining challenges following on the conclusions and recommendations from the last Round Table Meeting. Clearly a great deal has been achieved, and we whole-heartedly congratulate the Government of Lao PDR and its development partners.

It is within this exciting development context that we shall review in the next session the Sixth Plan for 2006-2010.

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The desired outcomes from this Round Table Meeting include, first, a renewed strong support from all development partners for the effective implementation of the National Socio-Economic Development Plan and indication of the nature of assistance that is proposed to be provided within the context of the Plan.

Second, we look forward to a strong endorsement and effective implementation in the coming months and years of the Vientiane Declaration on Aid Effectiveness.

I conclude by wishing all participants a most fruitful dialogue and a successful outcome to this Ninth Round Table Meeting.

Thank you.

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**ANNEX 5: Presentation on the Sixth Five-Year NSEDP
(2006-10) by H.E. Mr. Soulivong Daravong, President,
Committee for Planning and Investment**


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LAO PEOPLE'S DEMOCRATIC REPUBLIC
Peace Independence Democracy Unity Prosperity

Ninth Round Table Meeting
Vientiane, 28 November 2006

National Socio Economic Development Plan
(2006-2010)



Presentation Organisation

- Overall Strategy and Plan Targets
- Balances in Investment and Budget
- Thematic/Cross-cutting areas
- Implementation Measures
- Monitoring and Evaluation Arrangements
- Way Forward

28 Nov 2006 Sixth Plan (2006-2010) 2



Development Vision



- 2020: Out of status LDC**
- 2015: Achievement of MDGs**
- 2010: Fundamentally eradicate poverty, Stop slash and burn cultivation**
- 2005: Eradicate Poverty by half, Stop opium cultivation**

28 Nov 2006 Sixth Plan (2006-2010) 3



Sixth Plan Based on:

- Ten-Year Socio-Economic Development Strategy (2001-2010)
- NGPES, MDGs and BPA for LDCs
- Modernization & Industrialization Strategy
- Sectoral & Regional Development Strategies, Policies and Research
- Expectations about Domestic and International Situations


28 Nov 2006 Sixth Plan (2006-2010) 4



Overall Development Strategy

- Transform the multi-sectoral economy from uneven performance to fast and stable development through
- Increasing competitiveness and utilizing comparative advantages
- Strengthening links between economic and social development, protecting the environment
- Accelerating the building of socio-economic infrastructure and finalizing the establishment of a market-oriented economy

28 Nov 2006 Sixth Plan (2006-2010) 5



Sixth Plan (2006-2010) Targets (1)

	5th Plan	6th Plan
● Population	5.61 million	6.17 million
● GDP growth	6.24%	7.5-8%
● Agriculture	3.4% (45%)	3-3.4% (36%)
● Industry	11.3%(28%)	13-14% (36%)
● Services	6.7% (26%)	7.5-8% (28%)
● GDP per capita	\$491	\$800

28 Nov 2006 Sixth Plan (2006-2010) 6

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Sixth Plan (2006-2010) Targets (2)

	5th Plan	6th Plan
● Exports Growth	7.0%	18.1%
● Imports Growth	4.9%	8.8
● Trade Deficit	9.4% of GDP	5.0%
● Inflation	9.6%	<10%

28 Nov 2006

Sixth Plan (2006-2010)

7


Sixth Plan (2006-2010) Targets (3)

	5th Plan	6th Plan
● Total investment	27.8%	32% of GDP
● of which:		
➢ Public (incl. ODA)	12.3%	10%
➢ Private sector	15.5%	22%
● Tourist Arrivals	1.05 mil	1.78 mil

28 Nov 2006

Sixth Plan (2006-2010)

8


Sixth Plan (2006-2010) Targets (4)

	5th Plan	6th Plan
● Employment by Sector		
➢ Agriculture	76.6%	73.9%
➢ Industry	7.7%	9.3%
➢ Services	15.6%	16.9%

28 Nov 2006

Sixth Plan (2006-2010)

9


Sixth Plan (2006-2010) Targets (5)

	5th Plan	6th Plan
Primary Enrolment	84.2%	90.6%
Average Longevity	61yrs	63.5yrs
Infant mortality	70/1,000 live births	55/1,000
Under-5 mortality	98/1,000	75/1,000
Maternal Mortality	405	300
Access to clean water	63.8%	75%
Poor households	28.7%	>15%

28 Nov 2006

Sixth Plan (2006-2010)

10


Balance in Investment

<u>Item</u>	<u>Amount</u> (billion Kip)	<u>% of GDP</u>
Total Investment	73,900 (100%)	32%
Public Investment	2,310 (31.25%)	10%
of which ODA	USD 1,785 mil	
Private Investment	50,800 (68.75%)	22%
of which FDI	USD 3,000 mil	

28 Nov 2006

Sixth Plan (2006-2010)

11


Sector Shares in Investment


<u>Item</u>	<u>Amount</u> (billion Kip)	<u>% of Total</u>
Total	73,900	100
Agriculture	11,840	16
Industry	31,000	42
Services	31,060	42
➢ Transport	19,200	26
➢ Education	2,590	3.5
➢ Health	2,220	3.0
➢ Other	7,020	9.5

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Sixth Plan (2006-2010)

12


Vientiane, 28-29 November 2006





Budget Balance


Item	Amount (billion Kip)	% of Total
Total Revenue	34,600 (14% of GDP)	100.0
➤ Taxes	12,500	36.3
➤ Customs duties	10,000	29.0
➤ Real Estate	7,900	23.0
➤ ODA	3,700	10.8
➤ Land Tax	350	1.0
Total Expenditure	49,600 (21.4% of GDP)	
Budget Deficit	15,000 (6.1% of GDP)	

28 Nov 2006 Sixth Plan (2006-2010) 13

- 
- ### Thematic and Cross-Cutting Areas
- Poverty Reduction
 - Gender Equality
 - Good Governance
 - Environment
 - Private Sector
 - Science & Technology
 - Role of Government
- 28 Nov 2006 Sixth Plan (2006-2010) 14

- 
- ### Implementation Measures (1)
- Mobilise all economic sectors to raise production for export
 - Use investment funds efficiently
 - Improve mechanisms for mobilising and using grants and loans efficiently
 - Increase international and regional integration
 - Increase efforts to raise incomes, repay long-term debt and improve the financial sector
- 28 Nov 2006 Sixth Plan (2006-2010) 15

- 
- ### Implementation Measures (2)
- Continue to improve environmental protection mechanisms
 - Develop social policy
 - Support the reform of state administration and management
 - Increase Lao PDR's economic competitiveness
 - Create a market economy with a socialist orientation
 - Promote modernisation and industrialisation
- 28 Nov 2006 Sixth Plan (2006-2010) 16




Implementation and Monitoring and Evaluation Arrangements

Implementation Arrangements:
The MOF, MOIC, BOL & CPI will facilitate greater role for private sector including FDI

Monitoring and Evaluation (M&E):

- CPI (DGP) will continue implementation M&E and report regularly to Government and the National Assembly
- NSC will continue impact M&E
- Government will upgrade current M&E systems; and strengthen the statistical systems and skills

28 Nov 2006 Sixth Plan (2006-2010) 17

- 
- ### The Way Forward
- Considerable time devoted to formulating the Plan jointly with all partners
 - First year of Plan implementation completed and second year begun
 - Now the emphasis should be to devote all our energies to implement the Plan with strengthened partnerships, which is in accord with both national and international commitments including the Paris Declaration on Aid Effectiveness
- 28 Nov 2006 Sixth Plan (2006-2010) 18

Vientiane, 28-29 November 2006

**ANNEX 6: Presentation on Governance Reform Measures
to Implement the Sixth Five-Year Plan by H.E. Mme.
Bounpheng Mounphoxay, Minister to the PMO, Head of
PASCA, Prime Minister's Office**

Vientiane, 28-29 November 2006

**Strategic Plan on Governance**

9th Round Table Meeting
Overview On Governance Reform
 From Paris to Practice:
 Harmonisation and Alignment to implement the
 NSEDP 2006 - 2010

Presented by: Mme. Bounpheng Mounphoxay,
 Minister to the PMO

1

**Strategic Plan on Governance****Structure of Presentation**

- Background
- Overview
 - Public Service Improvement
 - People's Participation
 - Rule of Law
 - Sound Financial Management

2

**Strategic Plan on Governance****Background**

- 2000 - Discussion Paper – 'Towards Better Governance'
- 2003 - Policy Paper on Governance refined these initiatives
- 2006 – Translate resolution of 8th Party Congress into concrete governance strategy and alignment of Governance initiatives with NSEDP 2006 – 2010 focussing on:
 - o Effective service delivery
 - o Implementation results

3

**Strategic Plan on Governance****Background**

- Based on key national policy documents (NSEDP, UNDAF, MDGs) the Government needed to review its Governance Policy Paper.
- Strategic Plan will focus on 4 areas:
 - Public Service Improvement
 - People's Participation
 - Rule of Law
 - Sound Financial Management

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**Strategic Plan on Governance****Public Service Improvement (1)**

- Organisational structures and systems are modified to reduce inefficiencies
- Developed suitable legal framework for the Civil Service (clarity of role and function)
- Expansion of One Door Service program

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**Strategic Plan on Governance****Public Service Improvement (2)**

- Strengthen the capacity of the Prime Minister's Office
- Improve policies on Central-Local Relations
- Maximise the use of ICT for data collection and analysis
- Review of Civil Service salaries

6

Vientiane, 28-29 November 2006



Strategic Plan on Governance

Public Service Improvement (3)

- National Civil Service Training and Development Program
- Code of Conduct for all Civil Servants
- Pilot implementation of Municipalities
- Strengthen Local governance in particularly at district level



Strategic Plan on Governance

People's Participation (1)

- Strengthen the role of the National Assembly
 - Strengthened role of provincial NA offices
 - Upgraded capacity of the members and staff of the NA in key areas: legal drafting, budget management and financial auditing
 - Strengthened oversight capacity
 - Study for establishing local people council



Strategic Plan on Governance

People's Participation (2)

- Promote Dynamic & Participatory Society
 - Increased participation of women and ethnic people in national and local governance and in local development planning
 - Increased opportunity for citizens to participate in the activities of the society and to be able to express their opinions on economic, social and cultural development issues
 - Develop and implement Decree on establishment of Civil Society Organisations



Strategic Plan on Governance

People's participation (3)

- Promoting a Transparent and Open Society
 - Improve information management in agencies and improve interaction between the Government and the media
 - Establish Information Centers at local level
 - Strengthen the provision of information to the public
 - Promote the use of press to disseminate information campaigns on economic and social issues

9

10



Strategic Plan on Governance

People's Participation (4)

- Enhancing the Access to Government Service for all peoples
 - Improve communications at local level
 - Promote participatory planning with local people in the village planning, particularly in monitoring and feedback of Government workplans
 - Customer feedback of service delivery standards



Strategic Plan on Governance

Rule of Law (1)

- Establish a complete, clear and coherent legal framework
- Strengthen the informal and formal mechanisms for dispute resolution

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Vientiane, 28-29 November 2006



Strategic Plan on Governance

Rule of Law (2)

- Ensure predictable and transparent mechanisms for legal enforcement
- Strengthen the capacity of all institutions in the legal and justice sectors

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Strategic Plan on Governance

Sound Financial Management (1)

- Develop a sound fiscal policy
- Transparent, accountable and equitable revenue collection policies/practices
- Modernize the accounting system
- Develop a banking sector capable of supporting private sector led growth and expanding rural outreach

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Strategic Plan on Governance

Sound Financial Management (2)

- Strengthen capacities in the audit and inspection functions
- Transparent and accountable practices for expenditure planning and management
- Improve efficiency for land management and administration
- Improve environment for private sector development

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Strategic Plan on Governance

Next Steps

- Follow-up consultation with Government agencies and donors
- Further adjustments Strategic Plan will be made
- Strategic Plan will be elaborated into more concrete actions
- Governance reform 'road-map' will be developed (Implementation and M&E strategy)

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Vientiane, 28-29 November 2006

ANNEX 7: Presentation on Measures to Promote Private Sector and Trade Development by H.E. Mr. Siasavath Savengsuksa, Vice-Minister of Industry and Commerce

Vientiane, 28-29 November 2006

9th Round Table Meeting
Partnership for Development Result
Harmonization and Alignment to Implement the Sixth Five-Year Plan
(2006-2010)

Measures to Promote Private Sector and Trade development

Presented by
H.E. Siasavath Savengsuksa,
Vice-Minister of Industry and Commerce,
28-29 November 2006, Vientiane, Lao PDR

Industry And Trade in the NSEDP

- The NSEDP targets an annual GDP growth rate of 7.5% during the plan period. The Industry and Trade sectors are expected to play a crucial role in achieving this target
- The average annual merchandise export growth rate is targeted to be 18%
- Industry and trade have two main objectives:
 - Promoting export oriented trade development
 - Facilitating the private sector to play its role efficiently

Achievements in business sector and trade development since the last 2003 RTM

- The Government implemented several policies that improved the investment climate within the country and facilitated cross-border trade:
 - **Investment Regulations:** Amendments to domestic and foreign investment promotion laws were made in 2004. CPI is now implementing the one-stop service for investors
 - **Business Regulations:** A new Enterprise Law was enacted in 2005 and its implementation regulations also have been issued

Achievements in business sector and trade development since the last 2003 RTM(Contd)

- **Business related law reforms:**
 - The decree on competition of 2004 provides for the regulation of monopolistic practices and the promotion of fair competition
 - The Secured Transaction Law has been revised
- **Institutional Improvements:**
 - LNCCI has become an autonomous body
 - Business associations operate in partnership with government for policy formulation
 - LTPC upgraded as Dpt of Production and Trade Promotion
 - SMEPDO acts as a coordinating and monitoring body in the implementation of private sector development policies

Achievements in business sector and trade development since the last 2003 RTM(Contd)

- **Global and regional integration:**
 - NTR with the USA and more other BTAs
 - WTO accession process is proceeding well
 - AFTA is continuing well and will complete on schedule
 - IL coverage has increased to 96%.
 - Average MFN is now 9.5%; maximum tariff is now 40% and over 80% of tariff lines are now subject to tariff rates of less than 5%
- **At-the-border procedures:**
 - PM's order on trade facilitation issued in September 04
 - Single-stop service has been introduced at border checkpoints

Strategic action taken to overcome obstacles

- **Internal reorganization:**
 - Merging of Industry and Commerce as MOIC
 - New Ministry intends to properly address issues of supply-side constraints
- **Business regulations:**
 - Continuing to improve business environment (regulatory framework)
 - Supplementing and upgrading trade related legislations
 - Completed legislative action plan for laws required for the WTO accession

Vientiane, 28-29 November 2006

Strategic action taken to overcome obstacles (Contd)

- **Trade liberalization:**
 - Continuing vigorously and aligning with the government 's macro-economic policies
 - Maintaining the momentum of WTO accession process
- **Trade facilitation:**
 - Import and Export procedures are being brought in line with international best practices
 - Trade officials at border checkpoints will be withdrawn and replaced by I.C.Q (Immigration, Customs, Quarantine)
 - Towards implementing the ASEAN single window, National Customs Administration and procedure will be modernized and simplified

Strategic action taken to overcome obstacles (Contd)

- **Trade-related ODA Coordination:**
 - Inviting donors supporting the Government in Trade-related areas to join the efforts that have been ongoing to establish the Multi-Donor Trust Fund for Trade-Related Assistance

IF and Mainstreaming Trade

- Official development assistance in the industrial and trade sector is still at an early stage
- The main purpose of IF is to:
 - Mainstreaming trade in the national socio-economic development strategy
 - Enabling a pro-poor trade development
 - Spinning trade in the country's integration to the world economy

Diagnostic Trade Integration Study (DTIS)

- Completed DTIS to identify constraints to Trade sector
- Completed Action Matrix of priority projects which consists of five components:
 - ☞ Export Competitiveness
 - ☞ Trade Facilitation
 - ☞ Business Environment
 - ☞ Trade Policy, Trade Agreements, and Global Opportunities
 - ☞ Trade Opportunities for the Poor

Component 1: Export Competitiveness

- Project 1: Support agricultural competitiveness
- Project 2: Support light manufacturing competitiveness
- Project 3: Support tourism
- Project 4: Micro, small and medium enterprise project for export development
- Project 5: Regional development of export potential
- Project 6: Development of Savannakhet Special Economic Zone

Component 2: Trade Facilitation

- Project 1: Customs modernization
- Project 2: Trade facilitation
- Project 3: Sanitary and Phyto-Sanitary (SPS) and Technical Barriers to Trade (TBT) Issues

Component 3: Business Environment

- Project 1: Development of industrial strategy to facilitate business operations
- Project 2: Investment promotion
- Project 3: Banking system

Component 4: Trade Policy, Trade Agreements, and Global Opportunities

- Project 1: Capacity building for international trade policy and negotiations
- Project 2: Technical assistance and capacity building for the formulation and implementation of trade negotiation strategies

Component 5: Trade Opportunities for the Poor

- Project 1: Promotion of traditional handicraft and textile industry at village level
- Project 2: Roads linking villages to markets

Other Supporting Measures of MOIC

- Promote the development of the private sector, trade and industry
- Create an enabling environment for businesses and exporters
- Provide faster improvement of both human and physical capacity building in trade and industry
- Provide helpful policy and legal environment
- Develop institutions such as the Lao National Chamber of Commerce and Industry and various business associations.

Vientiane, 28-29 November 2006

Other Supporting Measures of MOIC(Cont)

- Enhance SME development strategies, institutional strengthening and capacity building
- Facilitate regular business forums and meetings between public and private sectors
- Improve coordination between various concerned agencies through an appropriate mechanisms based on mutual and national interest.

Thank You

Vientiane, 28-29 November 2006

ANNEX 8: Presentation on the Achievements of the Annual Plan for FY 2005/06 and the Highlights of the Annual Plan for FY 2006/07 by H.E. Mr. Soulivong Daravong, President, Committee for Planning and Investment

Vientiane, 28-29 November 2006



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ninth Round Table Meeting

FY2005/06 Annual Plan Achievements and Highlights of FY2006/07 Annual Plan



Objectives of FY2005/06 Annual Plan

- Achieve sustainable economic growth
- Achieve food security
- Sustain eradication of opium production and reduce shifting cultivation
- Reduce the number of poor households
- Ensure social order and political stability

November 2006

Annual Plans

3



Presentation Organization

- Performance on FY 2005/06 Annual Plan
- Main elements of FY 2006/07 Annual plan

November 2006

Annual Plans

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FY2005/06 Targets and Achievements

	Target	Actual
GDP Growth	7.5-8 %	7.5%
Agriculture	3.5-3.8%	3.0% (43.5% of GDP)
Industry	14%	15.7% (30.5% of GDP)
Services	9-10%	6.2% (26% of GDP)
GDP per capita		US\$ 553

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Annual Plans

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FY2005/06 Achievements (1)

	Actual
Exports	US\$629.11million
Imports	US\$ 913.4 million
Trade deficit	US\$ 284.29 million

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Annual Plans

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FY2005/06 Achievements (2)

Primary School Enrolment	84.7%
Primary Dropout Rate	9.4%
Health Network Coverage	100% of cities 95% remote areas
No. of Health Centres	739
No. of Village Medical Kits	5,248
Safe Water Coverage	69.7% of total Families
Safe Sanitation Coverage	48.2% of total Families

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Annual Plans

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Vientiane, 28-29 November 2006



FY2005/06 Achievements (3)

- 42,000 new jobs
- 7,065 people for training and work abroad
- 48,000 Lao workers in Thailand
- 2 new radio stations created
- The 7th National Sports Festival was held in Savannakhet. Lao athletes participated in the 23rd SEA Games.
- 26 new model villages established.

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Annual Plans

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FY2005/06 Achievements (4) Poverty Eradication

- Formulated participatory poverty reduction plans for 33 *kum bans*
- Pilot Village Development Funds were established in the 47 poorest districts
- Evaluated implementation of development investments at village level in 22 poorest districts (Village Development Funds)
- The **PRF** completed many activities in 1,913 villages (20 districts in 5 provinces)
- **Slash-and-burn cultivation** areas were reduced to about 22,000 hectares

November 2006

Annual Plans

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FY2005/06 Achievements (4) National Programmes

- UXO clearance increased by 25% in 2005 and NRA was established
- In 2005, the official cumulative number of people identified with HIV was 1,827, increased efforts are being made to maintain this low level
- Laos declared its success in being able to reduce illicit opium cultivation to insignificant levels in February 2006 and a strategy is being developed to maintain this.

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Annual Plans

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Overall Achievements

- ✓ The macro-economy had a positive trend overall
- ✓ GDP increased more than expected
- ✓ The inflation rate and exchange rate remained stable
- ✓ International investments increased
- ✓ Tourism has had a positive trend
- ✓ The basic quality of people's lives has been raised.

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Annual Plans

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Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

FY2006/07 Annual Plan Proposals



FY2006/07 Annual Plan Priorities

- Maintain macroeconomic stability
- Implement agro-production projects
- Implement the poverty reduction strategy
- Reduce slash-and-burn cultivation
- Extend access to quality education and health services
- Solve other social problems
- Upgrade the capacities of civil servants
- Construct the socio-economic infrastructure

November 2006

Annual Plans

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Vientiane, 28-29 November 2006



FY2006/07 Annual Plan Targets (1)

- GDP growth 7.5-8%
 - Agriculture 3.4%
 - Industry 13.2%
 - Services 7.9%
- GDP per capita US\$591



FY2006/07 Annual Plan Targets (2)

- **M2** to grow on average at 18 %
- **Inflation and exchange rates** to remain stable
- **Exports** are expected to reach US\$ 652.9 million and **imports** to US\$ 977.9 million, maintaining a **controlled trade deficit**
- **Total investment** will be at 30-32 % of GDP



FY2006/07 Annual Plan Targets (3)

- **Poverty incidence** will be reduced by 2-3%
- The **slash-and-burn** cultivation area will be reduced to 14,400 ha
- **Rice production** should reach 2,725,000 tons
- The **production of meat and fish** is expected to expand by about 4-5%
- **Electricity** will be supplied to 50% of all families



FY2006/07 Annual Plan Targets (4)

- **Population** is to reach 5.8 million
- **Literacy rate** for 15-24 year olds will be 87%
- **Vaccination** coverage will reach 70%
- Upgrade surveillance and treatment of transmittable diseases and epidemics
- **Safe water supply** to cover 70.7% of the families
- Standard **Toilet facilities** coverage is expected to rise to 50.8%

November 2006

Annual Plans

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November 2006

Annual Plans

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FY2006/07 Annual Plan Targets (5)

- Provide vocational training for 13,860 people, and create 129,000 new jobs
- In FY 2006/07, the radio signal will be expanded to 70% and TV to 80%
- Continue preparations for the SEA Games
- Promulgate laws and decrees in relation to science and technology



Other Implementation Measures

- Address budget deficits & debts
- Put in place policies to reform land and property rights
- Promote the private sector and FDI
- Further upgrade and decentralize Government Administration
- Monitor implementation and reduce malpractice and corruption

November 2006

Annual Plans

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November 2006

Annual Plans

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Vientiane, 28-29 November 2006

**ANNEX 9: Presentation on the Fiscal Performance for FY
2005/06 and the Targets for 2006/07 by H.E. Mr. Somdy
Douangdy, Vice-Minister of Finance**

Vientiane, 28-29 November 2006



LAO PEOPLE'S DEMOCRATIC REPUBLIC
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FY 2005/06 Fiscal Performance and Targets for FY 2006/07

By: H.E Somdy Duangdy
Vice Minister of Finance




Presentation Organisation

- Monetary Developments
- Banking Sector Reforms
- Foreign Trade
- Fiscal Performance in FY2005/06
- Budget Plan for FY2006/07
- Measures to improve Fiscal Management

2

28 November 2006

Fiscal Performance & Outlook




Monetary Developments in 2005/06

- Money supply grew at about 8%
- Kip currency in circulation increased by about 28%
- The rate of inflation averaged at about 8%
- The Kip exchange rate remained relatively stable
- Foreign reserves of US\$ 283 million equal to about three months of imports

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28 November 2006

Fiscal Performance & Outlook



Banking Sector

- Commercial bank lending rose by 7%
- Off-site inspections of all SOCBs by BOL
- Audit of 2004 accounts of the two SOCBs
- Recapitalization of SOCBs begun
- Agricultural Promotion Bank (APB) reorganized into two: APB and Policy Bank

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28 November 2006

Fiscal Performance & Outlook




Legislation

- Decree Law on Anti-Money Laundering was approved in November 2005
- Draft Law on Commercial Banks prepared
- Amended draft Decree on Foreign Exchange and High Value Property Management completed by October 2006

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28 November 2006

Fiscal Performance & Outlook



Foreign Trade

- FY 2005/06 exports reached US\$ 629.11 million, 120% of Annual Plan target and 138% of FY 2004/05 level
- Imports reached US\$ 913.4 million, with a 70% increase in machinery imports
- Trade deficit was US\$ 300 million.

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28 November 2006

Fiscal Performance & Outlook

Vientiane, 28-29 November 2006



Budget Plan for Sixth Five-Year Plan

- Total budget revenue projected to reach 34,600 billion Kip
- Revenue collection to increase to 17.4% of GDP in 2010
- Total expenditure to be about 49,600 billion Kip
- Budget Deficit to be about 15,000 billion Kip or 6.07% of GDP (in Lao context)

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28 November 2006

Fiscal Performance & Outlook



Sixth Plan Fiscal Objectives

- Establish financial administration mechanisms & improve fiscal management
- Revise and amend the Budget Law
- Increase tax collection
- Limit unplanned expenditures
- Upgrade capacities and ethics of civil servants and improve salary payment

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28 November 2006

Fiscal Performance & Outlook



FY 2005/06 Budget Execution

- Domestic Revenue collection exceeded the target by 5% reaching 4,320
- Total expenditure for the FY 2005/06 was 6,819 billion kip
- The total budget deficit was about 6% of GDP

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28 November 2006

Fiscal Performance & Outlook



FY 2005/06 Measures to Improve Budget Performance

- Training and advice on Tax and Customs Laws implementation
- Intensified administration of tax collection from all business units
- Budget execution based on the priorities set and other emergency expenses
- Civil servants' Salaries disbursed regularly

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28 November 2006

Fiscal Performance & Outlook



Overall Fiscal Directives

- Diligently strive toward fiscal self-reliance
- Build up strengths gradually
- Integrate the budget plan with the Sixth Five-Year Plan (2006-10)
- Continue to stabilize the macro-economy
- Facilitate further international integration

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28 November 2006

Fiscal Performance & Outlook



FY 2006/07 Budget Targets


- Total revenue is projected to be 5,531 billion Kip, in which domestic revenue is 4,850 billion kip.
- Total expenditure is projected to be 7,913 billion Kip
- The budget deficit is projected to be about 2,382 billion Kip, equal 6.3 percent of GDP

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28 November 2006

Fiscal Performance & Outlook


Vientiane, 28-29 November 2006



Measures to Achieve FY 2006/07 Budget Targets

- Improve revenue collection and the effective execution of expenditures
- Reduce internal deficits
- Continue to improve financial agencies at all levels
- Resolve problems concerning negative phenomena in the financial sector
- Promote the private sector


13 28 November 2006 Fiscal Performance & Outlook



Revenue Implementation Measures (1) Taxes

- Continue to disseminate the revised laws
- Conduct nation-wide survey to ensure enterprises fully report income & pay taxes
- Encourage all businesses to maintain necessary accounts
- Modernize tax administration
- Submit the VAT Law to National Assembly by end of 2006


14 28 November 2006 Fiscal Performance & Outlook



Revenue Implementation Measures (2) Export and Import Taxes

- Instructions on customs declarations according to invoices will be drafted and implemented this year
- Customs administration will be modernised
- The customs Department will intensify monitoring of customs officers nation-wide
- A committee will be set up to investigate smuggling cases


15 28 November 2006 Fiscal Performance & Outlook



Revenue Implementation Measures (3) State Property

- Revise law and regulations related to the transformation of property to capital
- Revise legislation on natural resource taxes, land leasing and state property, etc.
- Ensure all revenues from timber royalties are received on time and in full
- Strengthen land tax collection activities


16 28 November 2006 Fiscal Performance & Outlook



Revenue Implementation Measures (4) State-Owned Enterprises

- Study with the purpose of improving the performance of state-owned enterprises
- Intensify the management, monitoring, and control of state-owned enterprises

17 28 November 2006 Fiscal Performance & Outlook



Expenditure Implementation Measures

- Expenditures must adhere to budget-lines; and off-budget expenditures not permitted
- Budget planning by Ministries, Departments, Municipalities and Provinces must comply with expenditure priorities
- Budget Department responsible for budgeting and National Treasury for all budget execution activities

18 28 November 2006 Fiscal Performance & Outlook

Vientiane, 28-29 November 2006

New drafted budget law

- Ensure that the budget law addresses the weaknesses experienced;
- Centralise the areas of public financial management covering the treasury, customs and tax
- Improve and clarify the roles and responsibilities of all levels in the budget process;

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28 November 2006

Fiscal Performance & Outlook

Other Initiatives (1)

1. Public Expenditure Review (PER)

- Examines expenditure trends from 2002 to 2005
- Reviews macro fiscal performance
- Assesses sustainability of the macro fiscal framework and budget financing by source
- Reviews institutional framework of PEM
- Conducts intra-sectoral analysis of public resources for priority sectors

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28 November 2006

Fiscal Performance & Outlook

PER 2005/06 Recommendations

- Increase the mobilization of revenues
- Improve revenue sharing and intra-governmental transfers
- Ensure the sustainability of the macro-budgetary framework
- Enhance expenditure and services delivery

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28 November 2006

Fiscal Performance & Outlook

PEMSP Achievements

- Launching meeting was held on 22 November 2005.
- Annual Work Plan prepared and being implemented
- Held three regional workshops
- Experts (TA) on board
- A number of partners consulted on program and support is forthcoming
- A number of TORs have been drafted and approved

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28 November 2006

Fiscal Performance & Outlook

PEMSP Work Plan for 2006/07

- Task forces will be established to be responsible for detailing the work plans for each functional areas
- Supporting a dissemination and implementation of the revised budget law
- Supporting a centralization of the National Treasury
- General and functional training activities will continue
- Upgrading the equipment and ICT system
- Establishing a Multi-Donor Trust Fund for supporting PEMSP activities

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28 November 2006

Fiscal Performance & Outlook

LAO PEOPLE'S DEMOCRATIC REPUBLIC
Peace Independence Democracy Unity Prosperity

Thank You

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28 November 2006

Fiscal Performance & Outlook

Vientiane, 28-29 November 2006

**ANNEX 10: Presentation on the Public Investment Program
2006-10 by H.E. Mr. Soulivong Daravong, President,
Committee for Planning and Investment**

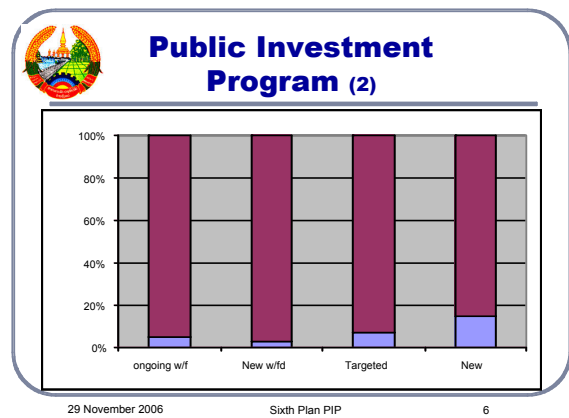
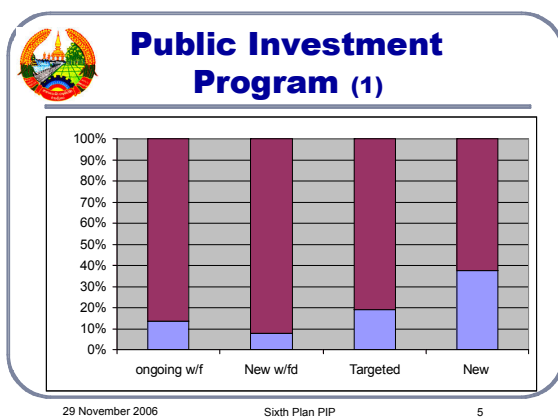
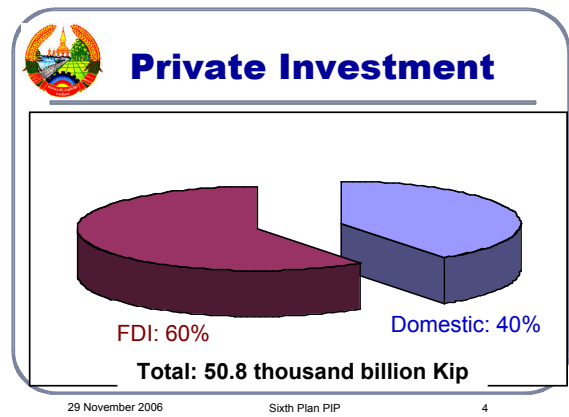
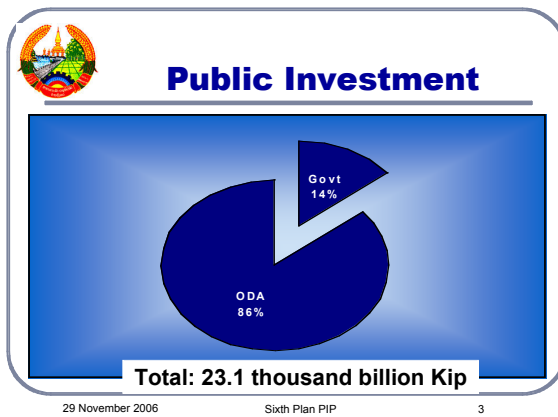
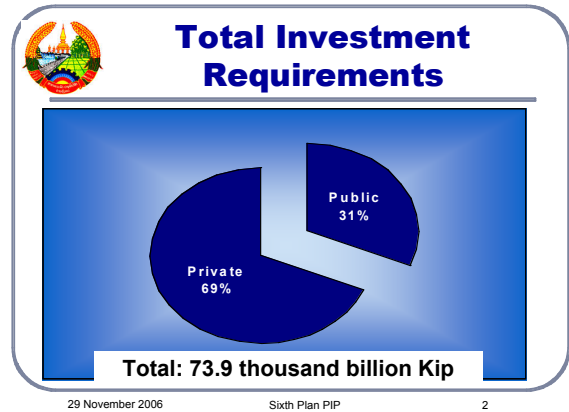
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LAO PEOPLE'S DEMOCRATIC REPUBLIC
Peace Independence Democracy Unity Prosperity

Ninth Round Table Meeting
Vientiane, 29 November 2006

Public Investment Program
(2006-2010)



Vientiane, 28-29 November 2006



Public Investment Program (3)

Targeted Poverty Reduction Projects

- CPI, 4 Ministries, Communities and local officials
- 33 *Kumbans* in 31 poorest districts
- Scale up to all *Kumbans* in the 47 poorest districts and 25 poor districts

29 November 2006

Sixth Plan PIP

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Public Investment Program (4)

- List of projects and programs in PIP with cost estimates
- Several project/program profiles ready
- Profiles for remaining projects and programs being prepared
- These can be discussed with partners
- Commitments support

29 November 2006

Sixth Plan PIP

8



LAO PEOPLE'S DEMOCRATIC REPUBLIC
Peace Independence Democracy Unity Prosperity

THANK YOU

29 November 2006

Sixth Plan PIP

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Vientiane, 28-29 November 2006

ANNEX 11: Presentation on Vientiane Declaration on Aid Effectiveness by H.E. Phongsavath Boupha, Vice Minister of Foreign Affairs

Vientiane, 28-29 November 2006

Presentation of the Vientiane Declaration on Aid Effectiveness
by H.E. Mr. Phongsavath Boupcha, Vice Minister of Foreign Affairs

H.E. Dr. Thongloun Sisoulith, Deputy Prime Minister, Minister of Foreign Affairs
Dr. Hafiz Pasha, Assistant Secretary General and Regional Director for Asia and the Pacific
Excellencies
Distinguished Guests
Ladies and Gentlemen

It is my pleasure to introduce the Vientiane Declaration on Aid Effectiveness for consideration, adoption and endorsement of the Government of the Lao People's Democratic Republic and the Partners in Development at this Ninth Round Table Meeting.

As you are aware, the recent origins of the initiatives on Harmonization, Alignment and Managing for Results to Enhance Aid Effectiveness trace back to the United Nations Global Conference on Financing for Development held at Monterrey, Mexico in March 2002. It is based on the recognition that while increased volumes of aid and other development resources are necessary to accelerate development and achieve the Millennium Development Goals, the effectiveness of aid also needs to increase. The High-Level Forum in Rome in 2003 is an important milestone, which adopted the Rome Declaration on Harmonization, Alignment and Managing for Results to Enhance Aid Effectiveness. This was followed by considerable work on the ground, especially in Asia, which was presented at the Second High Level Forum in Paris during February-March 2005. The Second Forum attended by some 90 countries and 26 international organizations adopted the Paris Declaration on Aid Effectiveness.

The Lao People's Democratic Republic participated in a number of regional and global forums on aid effectiveness including the Second High Level Forum in Paris. We have also organised a few consultation forums on aid effectiveness in country within the Government and jointly with the partners in development.

The Vientiane Declaration presented to you today is a joint attempt by the Government of the Lao People's Democratic Republic and the Partners in development to localise the Paris Declaration to the Lao context. It is a result of consultations within the Government and with the Partners, following as much as possible the Paris Declaration.

The Vientiane Declaration focuses on five main areas:

First, the Ownership of the development process by the Lao People's Democratic Republic with the Government exercising effective leadership over the development policies and strategies and in coordinating development actions;

Second, the Alignment of aid with national priorities, with the Partners aligning with the Government's strategies and committing to use strengthened Government regulations and procedures;

Third, Harmonisation and Simplification of the Operational Procedures of the Partners, with actions that are more harmonised, transparent and collectively effective;

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Fourth, Managing for Results or managing the resources and improving the decision-making process by both the Government and the Partners to achieve better results; and

Fifth and final, Mutual Accountability, with both the Government and the Partners being accountable for the development results.

The Vientiane Declaration is a statement of intentions. It will provide the framework for the pursuance of the aid effectiveness agenda in the Lao People's Democratic Republic by both the Government and the Partners.

The Action Plan on Aid Effectiveness is the main vehicle for translating the intentions in the Vientiane Declaration into actions. Jointly with the Partners, we have worked out a tentative schedule for preparation and adoption of the Action Plan by 31 May 2007. The Action Plan is expected to include monitorable indicators and time-bound targets against which progress can be measured.

Excellencies

Let me also inform you that the Government of the Lao People's Democratic Republic has agreed to participate in the periodic Surveys on Monitoring the Implementation of the Paris Declaration in the country, and agreed to provide appropriate reports on the results of the Surveys to the Development Assistance Committee of the Organisation for Economic Cooperation and Development. The first survey is to be canvassed in early 2006 and the results will feed into the Country Action Plan and will be reported to the OECD-DAC Secretariat.

The localization of the Paris Declaration has been a challenging task and we wish to thank all participants, in particular our Partners, for their constructive inputs and strong support to move forward with this initiative on Aid Effectiveness in the Lao People's Democratic Republic.

The translation of the declarations into actions and their implementation will be even more challenging and complex, especially so, because many of these are new to the Government and perhaps to the Partners. We look forward to continued constructive and fruitful cooperation with the Partners to make this joint initiative a success.

Thank you.

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ANNEX 12: Concluding Remarks by Dr. Hafiz Pasha, UN Assistant Secretary-General, UNDP Assistant Administrator and Director, Regional Bureau for Asia and the Pacific

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Closing Remarks
by
Dr. Hafiz Pasha
UN Assistant Secretary General
UNDP Regional Director for Asia and the Pacific

Your Excellency Deputy Prime Minister Dr. Thongloun Sisoulith,

Distinguished Participants,

Let me start by saying that this past day and a half have been truly remarkable, and many of you may agree, beyond our expectations. The dialogue has been rich and development partners have consistently expressed clear recognition and strong appreciation for the impressive achievements of Lao PDR since the last Round Table Meeting in September 2003.

Especially notable, regional and international interest in Lao PDR is rapidly on the rise, including from a growing number of non-traditional donors. Clearly Laos is a country on the move being at the crossroads of the rich Mekong sub region with revenues coming in from several new sources.

Also especially noteworthy throughout the past day and a half, development partners have consistently expressed strong support for the National Socio-Economic Development Plan 2006-2010.

His Excellency Prime Minister Bouasone Bouphavanh called the new Plan a “*break-through plan*” with the main focus on economic development through human development, poverty eradication, private sector and trade development, and aid effectiveness within the overall framework of the Paris Declaration.

Development partners applauded the further reductions in poverty in recent years, the strong economic growth performance, the impressive levels of foreign direct investment, progress on the trade agenda, and recent steps to improve the procedures and regulations facing new domestic business creation.

Similarly, development partners appreciated the recent improvements in the area of governance particularly as demonstrated by widening consultations and participation in the development dialogue, and more open dialogue in the National Assembly on difficult issues like corruption and legal enforcement.

The National Socio-Economic Development Plan 2006-2010:

Development partners, especially the IFIs, praised the NSEDP for its participatory approach and strong poverty focus. Notably, the NSEDP has been submitted for approval as the successor PRSP for Lao PDR.

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At the same time, development partners expressed some concern about the quality of some of the planned future growth in terms of generating sustainable employment, poverty reduction and equity. Development Partners emphasized the need to ensure broad based growth especially through the development of a competitive indigenous private sector for job creation and further poverty reduction. Delegates also felt that attracting more labor intensive FDI could help integrate the economy of Lao PDR into the value-added supply chain within the sub-region.

Delegates called for increased resource allocations to education and health. Development Partners also noted that there was an emerging opportunity for the Government of Lao PDR to effectively reinvest the growing revenues from mining and hydroelectricity into increasing the productive capabilities of Lao people, especially in rural areas.

Without such increased investments in the productive skills of rural people, including functional literacy, basic education and vocational training, there was a significant risk that the emerging opportunities from further economic and trade liberalization would largely by-pass the majority of people in rural areas, and inequalities would begin to rapidly widen. Special efforts are needed to reach out to ethnic minorities in remote areas where poverty is deepest.

Delegates also noted the substantial amounts of planned public investment in new infrastructure, and emphasized the need for greater focus on the likely effectiveness, environmental impact and sustainability of such investments, particularly in ensuring a better balance between recurrent and capital expenditures.

Good Governance:

Development Partners strongly applauded the new Strategic Plan on Governance 2006-2010, considering it a significant step forward from the 2003 Policy Paper on Governance. Development Partners supported the focus on the four main areas of 1. Public Service Improvement; 2. People's Participation; 3. Rule of Law; and 4. Sound Financial Management;

Delegates emphasized the critical importance of good governance for the successful implementation of the five-year plan, enabling the development of a competitive indigenous private sector, achieving rapid poverty reduction and advancing towards the MDGs.

Greater transparency and access to reliable and timely data and information will also be essential to further informing useful dialogue and a more effective national decision making process.

Development Partners expressed readiness to support further reform of public administration and public sector financial management, including reform of the state owned banks and state owned enterprises; more effective decentralized service delivery, and increased access to justice and human rights.

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Private Sector and Trade Development:

Development Partners applauded recent steps taken to improve the business and investment climate, especially the Enterprise Law aimed at simplifying regulations and procedures for starting up a business. Similarly, delegates praised the Prime Minister's recent Order for its effective implementation.

In general, delegates expressed strong support for the further development of a clear, effective and enforceable legal framework to enable the private sector to develop much more rapidly and play its major supporting role in the implementation of the National Socio-Economic Development Plan for 2006-2010.

The further development of a competitive job-creating private sector was considered a critical ingredient to ensuring success as Lao PDR continues to integrate more deeply into the regional and global economies.

Development Partners praised the country's progress in more deeply integrating into AFTA and ongoing preparations for accession to WTO.

At the same time, delegates emphasized that further removing internal barriers to trade was at least as important as further removal of impediments to external trade.

Development Partners were called upon to support the further development of a multi-donor trust fund to further facilitate the country's successful integration into the regional and global economies.

Financial Sector Reform:

Delegates called for accelerated reform of the banking and SOE sectors as critical to enabling the further development of a broad based private sector as well as for ensuring longer term macro-economic and financial stability.

Similarly, development partners called for greater efforts towards fiscal self reliance and reduced aid dependence through a restructuring of central-provincial fiscal relations.

Delegates applauded government plans for increasing tax compliance and reducing leakages.

Effective Implementation Essential:

Excellencies, Distinguished Participants, a recurrent message expressed throughout this Round Table Meeting has been the critical need for effective implementation of the many new well designed plans, policies, laws, and regulations.

Clearly, in order for the new development Plan to truly become a "*break through*" plan as called for by His Excellency the Prime Minister, effective implementation will be crucial.

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Effective implementation would require adequate financial resources and the needed implementation capacities, but equally important, much greater focus on transparency, monitoring and accountability.

Resource Mobilization:

The Government of Lao PDR is calling upon its official Development Partners for some US\$2 billion of new Official Development Assistance or an average of some US\$400 million per annum to help support the effective implementation of the National Socio-Economic Development Plan. These resources would be targeted at further poverty reduction, the achievement of the MDGs, the development of more effective governance capacities, and advancing the overall socio-economic reform process.

Various Development Partners expressed strong support for the National Socio-Economic Development Plan and indicated areas of future support within the Plan.

Aid Effectiveness:

Development Partners strongly endorsed the localization of the Paris Declaration for increasing aid effectiveness in the coming years. In order to work in partnership towards greater aid effectiveness under government leadership, development partners endorsed and committed to effectively implement in the coming months and years the Vientiane Declaration on Aid Effectiveness.

Representatives of 22 Development Partner countries and organizations have so far signed the Vientiane Declaration with more signatures expected in the coming weeks and months.

Next Steps:

The proceedings of this Round Table Meeting will be drafted and distributed to all Development Partners. So please provide the Secretariat with an electronic or hard copy of your official statement before departure.

In the coming months, I strongly encourage all development partners to further define their areas of support and financial commitments for supporting the National Socio-Economic Development Plan, further poverty reduction and the achievement of the MDGs.

In addition, we look forward to the operationalization of the Vientiane Declaration under government leadership in the coming months and years.

Your Excellency Deputy Prime Minister Dr. Thongloun Sisoulith,

Distinguished Participants,

I began my comments yesterday by suggesting two indicators of success for this meeting. These have been greatly exceeded. This has truly been an enriching Round Table Meeting and I thank all of you for your strong support, active participation and rich suggestions throughout the past day and a half.

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I wish to end my statement by offering very special thanks and congratulations to the Government of Lao PDR under the leadership of His Excellency Prime Minister Bouasone Bouphavanh, as well as the Department for International Cooperation at the Ministry of Foreign Affairs under the leadership of His Excellency Dr. Thongloun Sisoulith for organizing such a successful Round Table Meeting in terms of both the quality of the presentations and richness in dialogue, and in terms of the strengthening of partnerships for the effective implementation of the National Socio-Economic Development Plan. Similarly, a very special thanks to His Excellency Dr. Thongloun Sisoulith for his clear leadership in chairing this Round Table Meeting to such a successful conclusion.

Special thanks are also owed to His Excellency Vice - Minister Phongsavath Boupha and Dr. Bountheuang Mounlasy from the Ministry of Foreign Affairs, the various distinguished presenters and other Excellencies from the various ministries, the organizing committee for the Ninth Round Table Meeting, development partners from the development community, the UN Country Team and my colleagues from the UNDP Country Office. Thank you all.

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ANNEX 13: Closing Remarks by H.E Dr. Thongloun
Sisoulith, Deputy Prime Minister and Minister of Foreign
Affairs

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

- Dr. Hafiz Pasha, Assistant Secretary General and Regional Director for Asia and the Pacific
- Excellencies,
- Ladies and Gentlemen,

Our meeting is going to an end within a few minutes. Over the past one day and a half we have substantially and comprehensively exchanged our views on several significant issues covering the previous five year plan, public investment, public Administration, trade promotion, private sector, resources requirement as well as the implementation of the Vientiane Declaration on Aid Effectiveness.

We have engaged our discussions in an open, frank and constructive manner enabling us to determine our achievements, to identify shortcomings, to draw lessons and to chart our future action.

I would like to express my pleasure and my appreciation for your positive assessment concerning the achievements of the fifth five-year plan, the continued economic growth as well as the visible progress of poverty alleviation, thus placing Laos, as pointed out this morning by Dr Hafiz Pasha, our Co-chair, to emerge as one the best among developing countries.

I would like to express my deep thanks to all of you for your comments suggesting that the 6th five-year social-economic development plan is more targeted, more focused on the outcomes, contains strategic priorities, a road map, a plan of action and concentrates on Regional integration.

At the same time, I would like to appreciate your proposals and recommendations on the issue of good governance, transparency, human right, the increased role of private sector, strengthening the legal system, anti- corruption etc....I can assure you that your suggestions will be duly and appropriately considered by the Lao Government.

Your comments and recommendations have provided us a strong encouragement and constitute a clear evidence that the Sixth five year plan is the outcome from joint efforts, it is our common product and it is our ownership.

We recognize, as correctly pointed out by several participants, that this 6th five-year plan contains an ambitious target. But, the solid foundation we have laid over the past five years as well as our strong commitments made during this meeting provide a significant criteria ensuring the success of this five year plan.

The success of this 9th Round Table Meeting is, however, only a preliminary step. We still face a heavy task before us to reach our ultimate targets mainly to complete fundamental poverty eradication in 2010, to achieve the United Nations Millennium Development Goals in 2015 and to exit from the Least Developing Countries in 2020.

In this context, I am confident that Laos will continue to enjoy the assistance and support from donor countries, International financial institutions, regional organizations as well as Non-Governmental Organisations. Laos, for its part, is prepared to provide a close co-operation and a harmony and efficient co-ordination to all donors to ensure the concrete success of the 6th five year plan as well as to maximize the efficiency of Official Development Assistance.

I would like to conclude by reiterating the appreciation and the gratitude of the Lao's people and the Government to the donor countries, International Organisations for

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the valuable assistance and support accorded to the socio-economic development of the Laos and by wishing you all good health, happiness, prosperity, an enjoyable stay in Laos and a safe return to your respective organizations and countries. Thank you.

ANNEX 14: List of Participants

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List of Participants
9th Roundtable Meeting
November 28-29, 2006
Don Chan Palace Hotel, Vientiane, Lao PDR

National Assembly (NA)		
1. H.E.Dr. Souvanpheng BOUPHANOUVONG	Vice-Chair	Commission on Economic Planning & Finance, National Assembly (NA)
Prime Minister's Office (PMO)		
2. H.E. Ms. Bounpheng MOUNPHOXAY	Minister to PMO, Head of PACSA	(PACSA), Prime Minister's Office
3. H.E. Mr. Onneua PHOMMACHANH	Minister to PMO, Vice- President, National Committee for Rural Development and Poverty Reduction	Prime Minister's Office
4. H.E. Mr. Kham Ouane BOUPHA	Minister to PMO	Prime Minister's Office, NLMA
5. H.E. Mr. Xayxengly TENGBRIACHEU	Minister to PMO	Prime Minister's Office
6. H.E. Mr. Somphong MONGKHONVILAY	Minister Chairman of the Lao National Tourism Administration	The Lao National Tourism Administration
7. H.E. Mr. Bouasy LOVANXAY	Minister to PMO, Auditor General	Prime Minister's Office, SAO
8. H.E. Mr. Khamlouat SIDLAKONE	Minister, Chairman of Lao National Mekong Committee	Prime Minister's Office
9. H.E. Dr. Boviengkham VONGDARA	Head of PMO	Prime Minister's Office
10. Mr. Khammoune VIPHONGXAY	Deputy Chairman	Public Administration and Civil Service Authority (PACSA)
11. Mr. Vang RATTANAVONG	Vice-Chairman	The Lao National Tourism Administration
12. Dr. Khanngene SAVENGSUKSA	Director General	Department of Research
13. Mr. Maligna SAIGNAVONGS	Director/Chair	National Regulatory Authority on UXO Mine Action in the Lao PDR
14. Mr. Nisith KEOPANYA	Acting Director General	Dept. of Civil Service Management (DCSM)
15. Dr. Sonephet INTHAVONG	Deputy Director General	Business Promotion Office (BPO)
16. Mr. Phone Chaleun NONTHAXAY	Deputy Director General	Science Technology and Environment Agency
17. Ms. Amphonary KEOLA	Deputy Auditor	SOA
18. Akhom DOUANGCHANTHA		The Lao National Tourism Administration
19. Mr. Phoutsavath SOUNTHALA	DNPd if PFU	LCDC
20. Mr. Inpeng VISIENNALAT	Officer	Lao National Committee for Rural Development and Poverty Reduction
21. Ms. Bouakham SOULIVANH	Minister's Secretary	Prime Minister's Office, NLMA
22. Mr. Kongsasy PHOMMAXAY	Director of Division	Division of International Cooperation (STEA)
23. Ms. Fiona Farrell	HR Adviser , GPAR Central	Prime Minister's Office

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24. Mr. Khingsavanh SOUTHAMMAVONG	Office Manager ,GPAR Central	Prime Minister's Office
25. Ms. Somsagouane KEOVILAY	Project Coordinator ,GPAR Central	Prime Minister's Office
26. Ms. Vongdala SIRIMANOTHAM	Secretary, GPAR Central	Prime Minister's Office
Ministry of Foreign Affairs (MOFA)		
27. H.E. Dr. Thongloun SISOULITH	Deputy Prime Minister , Minister	Ministry of Foreign Affairs
28. H.E. Mr. Phongsavath BOUPHA	Vice-Minister	Ministry of Foreign Affairs
29. H.E. Mr. Bounkeut SANSOMSAK	Vice-Minister	Ministry of Foreign Affairs
30. Mr. Somphet KHOUSAKOUN	Permanent Secretary	Ministry of Foreign Affairs
31. Ms. Kanika PHOMMACHANH	Director General	International Organisation Department
32. Mr. Rangsy KONGSAYSY	Director General	Consular Department
33. Dr. Bountheuang MOUNLASY	Director General	Department of International Cooperation
34. Mr. Southam SAKONHNINHOM	Director General	Department of Europe & America
35. Mr. Sithong CHITNHOTHIN	Director General	Department of Asia, Pacific-Africa
36. Mr. Sayakane SISOUVONG	Director General	Department of ASEAN
37. Mr. Yong CHANTHALANGSY	Director General	Department Press
38. Mr. Khamkheuang BOUNTEUM	Director General	Department of Legal and Treaties Affairs
39. Mr. Pheng INTHALATH	Deputy Director General	Department of International Cooperation
40. Mr. Lathsamy KEOMANY	Deputy Director General	Department of International Cooperation
41. Mr. Phonesavanh CHANTHAVILAY	Deputy Director General	Department of International Organisation
42. Mr. Saleumxay KOMMASITH	Deputy Director General	International Organisation Department
43. Mr. Khampho KHAYKHAMPHITHOUNE	Deputy Director General	Department of Economic Affairs
44. Mr. Bounnalith SOUTHICHAK	Division Director	Ministry of Foreign Affairs
45. Ms. Vansy VILIGNAPHONE	Division Director	International Organisation Department
46. Mr. Kongchi YIAYANG	National Policy Advisor	IFAD Project, DIC, MOFA
47. Mr. Atsaphangthong MUNELITH	National Policy Consultant	IFAD Project, DIC, MOFA
Committee for Planning and Investment (CPI)		
48. H.E. Mr. Soulivong DARAVONG	President	Committee for Planning and Investment
49. Mr. Thanta KONGPHALY	Deputy Permanent Secretary	Committee for Planning and Investment
50. Dr. Khamlien PHOLSENA	Director General	Department of Planning (DP)
51. Mr. Vixay XAOVANA	Director General	Dept. for Investment Monitoring and Evaluation
52. Dr. LEEBER LEEBOUAPAO	Acting Director General	National Economic Research Institute (NERI)
53. Dr. Kikeo CHANTHABURY	Deputy Director General	Department of Planning (DP)
54. Mrs. Phonesaly SOUKSAVATH	Deputy Director General	National Statistics Center (NSC)
55. Mr. Yavang VACHOIMA	Deputy Director General	National Statistics Center (NSC)

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56. Mr. Thamma PHETVIXAY	Deputy Director General	Committee for Planning and Investment
57. Ms. Phonevanh OUTHAVONG	Deputy Director General	Committee for Planning and Investment
58. Mr. Sivixay SAYSANAVONGPHET	Executive Director	Poverty Reduction Fund Project, CPI
59. Mr. Olivier DUCOURTIEUX	Senior Technical Advisor	Poverty Reduction Fund Project, CPI
Ministry of Finance (MOF)		
60. H.E. Mr. Somdy DOUANGDY	Vice-Minister	Ministry of Finance
61. Mrs. Viengthong SIPHANDONE	Director General	Department of External Financial Relations
62. Mr. Nouhak NALEUKHOT	Director General	Department of Customs
63. Mr. Saysamone XAYSOULIANE	Deputy Director General	Fiscal Policy Department
64. Mrs. Thipphakone CHANTHAVONGSA	Deputy Director General	Department of External Financial Relations
65. Mrs. Manivone INSIXIENGMAI	Deputy Director General	Department of Tax
66. Mr. Bounleua SINXAYVORAVONG	Division Director	Ministry of Finance
67. Mr. Vongchan LOPHOMTAKOUN	Deputy Division Director	Ministry of Finance
68. Hiroshi SUZUKI	JICA Expert	Ministry of Finance
Ministry of Agriculture and Forestry (MAF)		
69. H.E. Mr. Sitaheng RASPHONE	Minister	Ministry of Agriculture and Forestry
70. H.E. Mr. Khamjane VONGPHOSY	Vice-Minister	Ministry of Agriculture and Forestry
71. Dr. PhouangParisak PRAVONGVIENGKHAM	Permanent Secretary	Cabinet
72. Dr. Bounkouang SOUVANNAPHANH	Director General	Department of Planning
73. Mr. Xaypradeth CHOUNLAMANY	Deputy Permanent Secretary	Ministry of Agriculture and Forestry
74. Dr. Tienne VANNASOUK	Deputy Director General	National Agriculture and Forestry Extension Service (NAFES)
75. Mr. Inthadom AKKHARATH	Deputy Director of Division	Permanent Secretary Office
Ministry of Education (MOE)		
76. H.E. Prof. Dr. Somkot MANGNOMEK	Minister	Ministry of Education
77. Mr. Ouam SENGCHANDAVONG	Director General	Department of Planning and Cooperation
78. Mr. Sengsomphone VIRAVOUTH	Deputy Director General	Planning and Cooperation Department
Ministry of Health (MOH)		
79. H.E. Prof. Dr. Eksavang VONGVICHIT	Vice-Minister	Ministry of Health
80. Dr. Prasongsidh BOUPHA	Deputy Director General	Planning and Budgeting Department
Ministry of Industry and Commerce (MOIC)		
81. H.E. Mr. Siasavath SAVENGSAKSA	Vice-Minister	Ministry of Industry and Commerce
82. Mr. Sirisamphanh VORACHITH	Deputy Permanent Secretary	Ministry of Industry and Commerce
83. Mr. Manohack RASACHACK	Deputy Director General	Promotion & Development Office (SMEPDO)

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84. Mr. Latthana DOUANGSOUPHA	Deputy Director of Division	Ministry of Industry and Commerce
85. Mr. Khouanchay KEMDOUTHI	Deputy Division Director	Ministry of Industry and Commerce
86. Mr. Xaysomphet NORASINGH	Deputy Division Director	Ministry of Industry and Commerce
Ministry of Communication, Transportation, Post and Construction (MCTPC)		
87. H.E. Mr. Sommad PHOLSENA	Minister	Ministry of C T P C
88. Mr. Bounleuam SISOULATH	Permanent Secretary	Ministry of CTPC
89. Mr. Viengsavath SIPHANDONE	Director General	Department of Roads
90. Dr. Somphone DOUANGDARA	President	Lao Airlines Company
91. Mr. Khangeun KHAMVONGSA	Deputy Permanent Secretary	Ministry of Communication, Transportation, Post and Construction
92. Dr. Santisouk SIMMALAVONG	Deputy Permanent Secretary	Ministry of Communication, Transportation, Post and Construction
93. Laokham		Ministry of CTPC
Ministry of Energy and Mines (MEM)		
94. H.E. Mr. Somboun RASASOMBATH	Vice-Minister	Ministry of Energy and Mines
95. Mr. Chareune INTHAVY	Deputy Permanent Secretary	Ministry of Energy and Mines
Ministry of Justice (MOJ)		
96. Mr. Kisinin SINPHANNAM	Permanent Secretary	Ministry of Justice
97. Mr. Phoumy SIOUDOMPHANH	President	Lao Bar Association, MOJ
Ministry of Labour and Social Welfare (MLSW)		
98. H.E. Mr. Le KAKANHYA	Vice-Minister	Ministry of Labour and Social Welfare
99. Mr. Duangchan MOUKSAVANH	Permanent Secretary	Ministry of Labour and Social Welfare
Ministry of Information and Culture (MIC)		
100. H.E.Prof.Dr. Bosengkham VONGDARA	Vice-Minister	Ministry of Information and Culture
Ministry of Public Security (MoPS)		
101. Mr. Sinthavong SAYAKORN	Permanent Secretary	Ministry of Public Security
Bank of Lao PDR (BOL)		
102. H.E. Mr. Somphao PHAYSITH	Vice-Governor	Bank of the Lao PDR
103. Ms. Sengdao BOUNPHAKONEKHAM	Director General	Bank of the Lao PDR
The office of Supreme People's Prosecutor (SPP)		
104. Mr. Bounma PHONSANITH	Investigator, Vice Chief of Cabinet	Supreme Public Prosecutor
The People's Supreme Courts (PSC)		
105. Mr. Phomsouvanh PHILACHANH	Judge	PSC
Committee of Central Organization and Personnel (CCOP), Km 6		
106. Mr. Viengphet SENGTHONG	Deputy Director of Division	Central Committee organization and Personnel (HRDC)
Lao National Chamber of Commerce and Industry (LNCCI)		
107. Mr. Kissana VONGSAY	President	Lao National of Chamber of Commerce and Industry

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108. Mr. One-sy BOUTSIVONGSAKD	Vice President of LNCCI, President of ALGI	Lao National of Chamber of Commerce and Industry
Lao Front for National Construction (LFNC)		
109. Mr. Vannith SENGPHATHIT	Acting Director General	Dept. of Strata and Social Organization
Lao Women Union (LWU)		
110. H.E.Mrs. Bundith PRATHOUMVANH	Vice-President	Lao Women Union
Lao National Commission for the Advancement of Women (Lao NCAW)		
111. Ms. Chanhdy PANKEO	Director	Lao NCAW- Secretariat
Lao Trade Union (LTU)		
112. Mr. Yiya ANABLONG	Permanent Secretary	Lao Trade Union
Lao Youth Union (LYU)		
113. H.E.Mr.Khamphanh SITTHIDAMPHA	President	Lao Youth Union

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BILATERAL DEVELOPMENT PARTNERS**Australia**

1. H.E. Mr. Alistair Charles Maclean	Ambassador	Embassy, Vientiane, Lao PDR
2. Mr. Michael Hassett	First Secretary, Representative	AusAID ,Vientiane, Lao PDR
3. Ms. Jane Davies	Senior Programme Manger	AusAID ,Vientiane, Lao PDR

Austria

4. H.E Mr. Arno Riedel	Ambassador	Embassy, Bangkok, Thailand
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Belgium

5. H.E. Mr. Jan Matthysen	Ambassador	Embassy, Bangkok, Thailand
7. Mr. Dirk Heuts	Counselor	Embassy, Bangkok, Thailand
8. Dr. Alain Devaux	Representative	Belgium Technical Cooperation (BTC)

Brunei Darussalam

9. H.E. Mr. Haji Sidek bin Ali	Ambassador	Embassy, Vientiane, Lao PDR
8. Miss Ani Zuraini Dato Paduka Abd. Aziz	Second Secretary	Embassy, Vientiane, Lao PDR

Cambodia

10. Mr. Chann Rotana	Chargé d 'Affaires	Embassy, Vientiane, Lao PDR
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China

11. H.E. Mr. Liu Yongxing	Ambassador	Embassy, Vientiane, Lao PDR
12. Xiang Fang Qiang	Attaché	Embassy, Vientiane, Lao PDR

Cuba

13. H.E. Mr. Eduardo Valido Garcia	Ambassador	Embassy, Vientiane, Lao PDR
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European Commission

14. H.E. Dr. Friedrich Hamburger	Ambassador – Head of Delegation	Bangkok, Thailand
15. Mr. André Chalmin	Co-ordination and Supervision Thailand, Cambodia, Lao PDR, and Myanmar	AIDCO D1, Belgium
16. Mr. Andrew Jacobs	Counselor, Head of Cooperation Section	Bangkok, Thailand
17. Mr. Mel Jones	Attaché (Cooperation)	Vientiane, Lao PDR
18. Mrs. Josephine Kalinauckas	First Secretary / Head of Cooperation Section	Vientiane, Lao PDR
19. Ms. Juana Aristizabal Pinto	Attaché (Cooperation)	Vientiane, Lao PDR
20. Mr. Seamus Gillespie	Head of Unit RELEX/H5 External Relations Directorate General, Directorate of Asia	Belgium
21. Mr. Carl Bjorkman	Junior Expert	Vientiane, Lao PDR

Finland

22. H.E. Mr. Lars Backström	Ambassador	Embassy, Bangkok, Thailand
23. Mrs. Helena Ahola	First Secretary (Development Cooperation)	Embassy, Bangkok, Thailand

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France		
24. H.E. Mr. Maurice Portiche	Ambassador	Embassy, Vientiane, Lao PDR
25. Mr. Jean-François GRUNSTEIN	Conseiller de Coopération	Embassy, Vientiane, Lao PDR
26. Mr Etienne Woitellier	Country Director	AFD, Vientiane, Lao PDR
27. Anne Marie CABRIT	Deputy Director Asia Department	AFD, France
Germany		
28. H.E. Dr. Peter Wienand	Ambassador	Embassy, Vientiane, Lao PDR
29. Dr. Klemens van de Sand	Deputy Director General for Asia	Germany
30. Dr. Hans Peter Müssig	First Vice President East Asia and Pacific	KfW, Germany
31. Dr. Uli Sabel-Koschella	GTZ Country Coordinator Laos	German Technical Cooperation (GTZ) Vientiane, Lao PDR
32. Mr. Wolfgang Shunke	Country Director	German Development Service(DED), Vientiane, Lao PDR
India		
33. H.E. Mr. Suresh K. Goel	Ambassador	Embassy, Vientiane, Lao PDR
34. Mr. Aseem R. Mahajan	First Secretary	Embassy, Vientiane, Lao PDR
Indonesia		
35. Arzaf F. Firman	CDA	Embassy, Vientiane, Lao PDR
Ireland		
36. Mr. John T, Hoy (Seán)	Senior Development Specialist	Ministry of Foreign Affairs, Ireland
Italy		
37.H.E. Mr. Ignazio Di Pace	Ambassador	Embassy, Bangkok, Thailand
Japan		
38. H.E. Mr. Makoto KATSURA	Ambassador	Embassy, Vientiane, Lao PDR
39. Mr. Ken NAKAMURA	First Secretary	Embassy, Vientiane, Lao PDR
40. Mr. Mamoru SHINOHARA	Minister - Counselor	Embassy, Vientiane, Lao PDR
41. Ms. Miki MATSUURA	Advisor (Economic Affairs and Multilateral Relations)	Embassy, Vientiane, Lao PDR
42. Mr. Yoichi YAHIRO	Officer	Embassy, Vientiane, Lao PDR
43. Mr. Mori Senya	Resident Representative	JICA, Vientiane, Lao PDR
44. Mr. Hiroyuki TOMITA	Assistant to Resident Representative	JICA, Vientiane, Lao PDR
45. Mr. Yosuke Matsuda	Representative	JBIC, Bangkok, Thailand
46. Mr. Hirofumi Azeta	Consultant for JICA	JBIC, Bangkok, Thailand
47. Mr. Anolack Chanpasith	Assistant Programme Officer	JICA, Vientiane, Lao PDR
Luxembourg		
48. H.E. Mr. Marc Ungeheuer	Ambassador	China, Beijing
49. Mr. Leo FABER	Counselor	Hanoi, Vietnam
50. Mr. Geert De BRUYCKER	Regional Office Manager	Lux-Development, Hanoi, Vietnam
51. Mr. Manuel TONNAR	Program Officer	MFA, Luxembourg

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Malaysia		
52. Ms. Sakinah Jamaludin	Second Secretary	Embassy, Vientiane, Lao PDR
Mongolia		
53. H.E. Mr. Batbaatar Togtokhbayar	Ambassador	Embassy, Vientiane, Lao PDR
Myanmar		
54. H.E. U Nyunt Hlaing	Ambassador	Vientiane, Lao PDR
New Zealand		
55. Ms. Lynn De Silva	First Secretary and NZAID Manager	Embassy, Bangkok, Thailand
Norway		
56. H. E. Mr. KJELL STORLOKKEN	Ambassador	Embassy, Hanoi, Vietnam
57. Ms. Kiesti Mette Digeruo	First Secretary	Embassy, Hanoi, Vietnam
The Philippines		
58. H.E. Ms. Elizabeth P. Buensuceso	Ambassador	Embassy, Vientiane, Lao PDR
59. Mr. Christopher Patrick T. Aro	Vice Consul	Embassy, Vientiane, Lao PDR
Poland		
60. Dr. Tomasz Gerlach	Chargé d' Affaires	Embassy, Vientiane, Lao PDR
Republic of Korea		
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62. Mrs. LEE Miyon	Counselor	Embassy, Vientiane, Lao PDR
63. Mr. Chang Jongkeun	Resident Representative	KOICA, Vientiane, Lao PDR
64. Ms. Jun Young Suk	Deputy Representative	KOICA, Vientiane, Lao PDR
Singapore		
65. H.E.Ms. Karen Tan	Ambassador	Embassy, Vientiane, Lao PDR
66. Mr. Scott Loh	First Secretary	Embassy, Vientiane, Lao PDR
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67. Mr. Miroslav VESELY	Deputy Head of Mission / Counselor	Slovak Republic
Spain		
68. H.E. Mr. Juan Manuel Lopez Nadal	Ambassador	Embassy, Bangkok, Thailand
Sweden		
69. Ms. AnnLis Aberg	Chargé d' Affaires a.i,	Embassy, Vientiane, Lao PDR
70. Mr. Jorgen Persson	Counselor,	Embassy, Vientiane, Lao PDR
71. Ms. Lisbet Bostrand,	First Secretary	Embassy, Vientiane, Lao PDR
72. Ms. Anne Kullman	First Secretary	Embassy, Vientiane, Lao PDR
Switzerland		
73. H.E. Mr. Jacques Lauer	Minister	Embassy, Bangkok, Thailand
74. Mr. Markus Waldvogel	Counselor, Regional Director	SDC, Hanoi, Vietnam
75. Dr. Barbara Böni	First Secretary	SDC, Vientiane, Lao PDR
76. Ms. Nithsa Vongphanakhone	Programme Officer	SDC, Vientiane, Lao PDR

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Thailand		
77. H.E. Mr. Rathakit Manathat	Ambassador	Embassy, Vientiane, Lao PDR
78. Mr. PIAMSAK MILINTACHINDA	Director General	TICA, MFA, Bangkok Thailand
79. Ms. SUCHADA THAIBUNTHAO	Director of Thai Cooperation Branch I	TICA, MFA, Bangkok Thailand
80. Ms. YUWADEE MEKSIPUNICH	Programme Officer	TICA, MFA, Bangkok Thailand
81. Mr. Thong Benjasil	First Secretary	Embassy, Vientiane, Lao PDR
United Kingdom		
82. H.E. Mr. David William Fall	Ambassador	Embassy, Bangkok, Thailand
United States of America		
83. H.E. Mrs. Patricia M. Haslach	Ambassador	Embassy, Vientiane, Lao PDR
84. MR. EARELL KISSINGER	Director of General Development Office	US. Agency for International Development (USAID), Bangkok, Thailand
85. Joshua C. Archibald	Economic / Commercial Officer	Embassy, Vientiane, Lao PDR
Socialist Republic of Vietnam		
86. Mr. Nguyen Hun Huong	Counselor	Embassy, Vientiane, Lao PDR
87. Mr. Dinh Cong Ton	First Secretary	Embassy, Vientiane, Lao PDR
88. Tran Hai Chau		Embassy, Vientiane, Lao PDR

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90. Mr. James Nugent	Country Director	Lao Resident Mission, Vientiane, Lao PDR
91. Mr. Rattanatay Luanglatbandith	Senior Economist	Lao Resident Mission, Vientiane, Lao PDR
92. Ms. Phanmany Khamphilavong	Project Implementation Officer	Lao Resident Mission, Vientiane, Lao PDR
International Monetary Fund (IMF)		
93. Mr. Benedict BINGHAM	Deputy Division Chief , Asia and Pacific Department , Head of Delegation	Washington D.C., USA
94. Mr Philippe Beaugrand	Resident Representative	Vientiane, Lao PDR
95. Mr. Kotaro ISHI	Economist , Asia and Pacific Department	Washington D.C., USA
96. Mr. Soulinthone LEUANGKHAMSING	Economist	Vientiane, Lao PDR
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97. Mr. Ian Porter	Country Director, East Asia Pacific	World Bank, Bangkok, Thailand
98. Mr. Patchamuthu Illangovan	Country Manager	World Bank, Vientiane, Lao PDR
99. Mr. William Rex	Lead Country Officer	World Bank, Vientiane, Lao PDR
100. Cayetano Casado	Research Analyst	World Bank, Vientiane, Lao PDR
101. Katia Vostroknutova	Country Economist	World Bank, Vientiane, Lao PDR

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102. Ms. Soudalath Silaphet	Operations Analyst	World Bank, Vientiane, Lao PDR
103. Ms. Viengsamay Srithirath	Communication Associate	World Bank, Vientiane, Lao PDR
104. Ms. Nanda Gasparini	Communication Specialist	World Bank, Vientiane, Lao PDR

UNITED NATIONS AGENCIES

United Nations Resident Coordinator / United Nations Development Programme (UNDP)

105. Dr. Hafiz Pasha	Assistant Secretary General and Regional Director for Asia Pacific	UNDP, New York , USA
106. Ms. Sonam Yangchen Rana	UN Resident Coordinator / Resident Representative	Vientiane, Lao PDR
107. Ms. Setsuko Yamazaki	Deputy Resident Representative	Vientiane, Lao PDR
108. Mr. Irene Dabare	Deputy Resident Representative (Operations)	Vientiane, Lao PDR
109. Mr. Romulo Garcia	Chief , North East Asia and Mekong Division	UNDP, New York , USA
110. Iori Kato	Programme Specialist , Special Assistant to the Bureau Director , Regional Bureau for Asia and the Pacific	UNDP, New York , USA
111. Mr. Robert Glofcheski	Chief Resident Economist	Vientiane, Lao PDR
112. Ms. Rie Debabrata	ARR (Assistant Resident Representative) .	Vientiane, Lao PDR
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115. Ms. Joanna Shaw	UN Coordination Specialist, Resident Coordinator System	Vientiane, Lao PDR
116. Juha-Pekka Snakin		Vientiane, Lao PDR
117. Ms. Yasmin Forbes	Public Information Officer, Public Information Unit	Vientiane, Lao PDR
118. Ms. Phanchinda Lengsavad	Programme Analyst, Poverty and Economic Unit	Vientiane, Lao PDR
119. Dr. Musunuru Sambassiva RAO	RTP Advisor	Vientiane, Lao PDR
120. Sara Gleave	UNV Programme Manager	Vientiane, Lao PDR
121. Louise Scott	Donor Coordination Associate	Vientiane, Lao PDR
122. Ms. Sophie Mackinnon	Research Analyst	Vientiane, Lao PDR
123. Ms. Mary Brady	Research Assistant -RTM	Vientiane, Lao PDR

Economic and Social Commission for Asia and the Pacific (ESCAP)

124. Aynul HASAN	Chief , Least Developed Country Coordination Unit	Bangkok, Thailand
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Food and Agriculture Organisation of the United Nations (FAO)		
125. Mr. Tsukasa Kimoto	Senior Adviser – Consultant	Vientiane, Lao PDR
126. Ms. Rebecca Hoest-Madsen	UNV/Food Security Specialist	Vientiane, Lao PDR
International Fund for Agricultural Development (IFAD)		
127. Ms. Atsuko Toda	Country Programme Manager	IFAD, Italy
128. Mr. Nicola FAVIA	Senior Economist	IFAD, Italy
International Labour Organisation (ILO)		
129. Mrs. Fiona Howell	CTA	Vientiane, Lao PDR
Joint United Nations Programme on HIV/AIDS (UNAIDS)		
130. Dr. Michael Hahn	Country Coordinator	Vientiane, Lao PDR
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131. Mr. Danilo Padilla	Assistant Programme Coordinator	Bangkok, Thailand
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United Nations Industrial Development Organization (UNIDO)		
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United Nations Office on Drugs and Crime (UNODC)		
137. Mr. Leik Boonwaat	Representative	Vientiane, Lao PDR
138. Ms. Elsa KUENTZIGE	Associate Expert	Vientiane, Lao PDR
World Food Programme (WFP)		
139. Ms. Elisabeth Faure	Deputy Country Director	Vientiane, Lao PDR
World Health Organisation (WHO)		
140. Dr. Dong-Il Ahn	Representative	Vientiane, Lao PDR
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International Center for Tropical Agriculture (CIAT)		
141. Dr. Rod Lefroy	Coordinator of CIAT in Asia	CIAT
International Rice Research Institute (IRRI)		
142. Dr. Gary Jahn	Representative	(IRRI), Vientiane, Lao PDR
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143. Ms. Loraine Bamwell	Representative	Vientiane, Lao PDR

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NON-GOVERNMENTAL ORGANISATIONS**Canadian University Services Overseas (CUSO)**

144. Ms. Jennifer Cameron	Country Representative	Vientiane, Lao PDR
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Care International

145. Mr. Frank Reimann	Country Director	Vientiane, Lao PDR
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Christian Reformed World Relief Committee (CRWRC)

146. Mr Mike Fennema	Program Advisor	Vientiane, Lao PDR
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Concern Worldwide

147. Mr Phillip Miller	Country Director	Vientiane, Lao PDR
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Cooperation International pour le Developement et la Solidarite (CIDSE)

148. Mrs. Khanhkham Douangsila	Deputy Representative	Vientiane, Lao PDR
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Comité de Coopération avec le Laos (CCL)

149. Ms. Manivone Vorachak	Director	Vientiane, Lao PDR
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German Agro-Action (GAA)

150. Ms. Christina Warning	Programme Assistant	Vientiane, Lao PDR
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151. Mr. Souphasit Bounyavong	Programme Coordinator	Vientiane, Lao PDR
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Handicap International (HI-Belgium)

152. Mr. Luc Delneuville	Country Director	Vientiane, Lao PDR
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Medicines Sans Frontières (MSF)

153. Ms. Marie Deblaise	Head of Mission	Vientiane, Lao PDR
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Mennonite Center Committee (MCC)

154. Mr. Arthur Mann	Co-Country Representative	Vientiane, Lao PDR
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Netherlands Development Organization (SNV)

155. Erick Baeting	Portfolio Coordinator/Senior Advisor-SME	Vientiane, Lao PDR
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Norwegian Church Aid (NCA)

156. Ms. Margrethe Volden	Resident Representative	Vientiane, Lao PDR
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Oxfam Australia (OAus)

157. Mr. Khamlouang Keoka	Director	Vientiane, Lao PDR
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Oxfam Solidarity Belgium (Oxfam-Belgium)

158. Mr. Bong Munsayaphom	Programme Coordinator	Vientiane, Lao PDR
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Save the Children Australia (SCA)

159. Mr. Leigh Vickery	Country Programme Director	Vientiane, Lao PDR
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Save the Children Norway (SCN)

160. Mr. Julian Y. Kramey	Country Representation	Vientiane, Lao PDR
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161. Mrs. Onechane Phetchanhtharath	Programme Director	Vientiane, Lao PDR
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World Concern (WC)

162. Dr. Pim Kuiper	Project Adviser	Vientiane, Lao PDR
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World Vision (WV)

163. Mr. Stephen Rozario	National Director	Vientiane, Lao PDR
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World Wildlife Funds (WWF)

164. Mr. Roland Eve	Country Director	Vientiane, Lao PDR
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Part II.

1. Full Statements of Partners in Development at the Ninth RTM

Vientiane, 28-29 November 2006

EU Joint-Statement for the Round Table Meeting with Laos in Nov. 2006

Address

On behalf of its Member States and the European Commission, the Presidency of the European Union wishes to thank the government of Lao PDR for organizing this 9th Round Table Meeting. Indeed the EU as one of the main development partners of Laos with commitments of 75 to 80 Mio. USD per year believes that this meeting represents a good opportunity for a candid and constructive dialogue between the government and the development partners on subjects and topics related to the development policy of the country in its largest sense.

Three years ago, in September 2003, at the 8th Round Table Meeting, the EU also made a joint statement. In this statement the EU focussed on and expressed its concern about important issues such as:

- i) The financial sector reform programme and the restructuring of the public sector enterprises,
- ii) The development of the ethno-linguistic minorities in the uplands,
- iii) The principle that the judicial system should be firmly based on the rule of law as well as the importance of a just and accessible judiciary and the need to ensure justice for disadvantaged people and people living in remote parts of the country;
- iv) The role of the civil society organizations in Lao PDR;
- v) The importance of the freedom of expression, free media, freedom of assembly and access to information;
- vi) The relocation policy and its impact in economic and social terms.

Today, the EU is satisfied to see that during these last three years, much progress has been made in different fields and a number of important development issues have been successfully addressed. We refer in particular to the country economic performance with economic growth between 6 and 7 % over the last three years, the improvement of the business and investment environment, a significant decrease in the poverty level and a progressive integration into the global economy.

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The EU wishes to congratulate the Lao Government for its National Socio-Economic Development Plan (NSED) for 2006 – 2010. This is a comprehensive document representing a single strategic and policy framework of reference. Such a reference document should ensure better coherence, effectiveness and efficiency of the donors support to the development efforts of the government.

We are glad for the progress made in the field of coordination, harmonisation and aid effectiveness which resulted in the elaboration of the **Vientiane Declaration on Aid Effectiveness**, the National version of the Paris Declaration. The EU welcomes the **joint policy statement** between the GoL and the donors as an expression of mutual commitment of all stakeholders to the Paris Declaration objectives in Lao PDR. (tbc)

We were a driving force behind the harmonization and alignment efforts which culminated in the Paris Declaration and we support all efforts to increase aid effectiveness through increased government ownership of the development process to ensure alignment of donor inputs to country's own strategies and procedures and to harmonize donor activities all with a view to reduce the administrative, transfer and coordination costs. The Joint Statement is just a beginning, however. An action plan with specific targets and linked indicators that enable us to track progress must follow. I am pleased to hear that this task will be taken up soon by a high level partnership group of the government and donors with the aim to present the action plan in the first half year of 2007. We are ready to play our active part in that group.

In spite of these achievements, however, the Lao PDR remains one of the region's least developed economies and faces considerable structural challenges to development. Governance as well as transparency and accountability of the public sector and the quality of budgetary and financial management remain key areas to be further improved.

The EU also encourages the government of Lao PDR to continue the reforms in the political as well as in the economic fields. The two are inseparable. Participation of the population in the political process, strengthening of the rule of law, respect for human rights and openness for dialogue are from our experience essential to ensure a real balanced and rapid development.

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The EU welcomes the creation of informal WG on HR and governance with Sweden and the European Commission and reiterates its proposal to establish an EU/GoL political dialogue which would also include HR and Governance issues.

There is still a long way to go for Laos and there are still many pitfalls to evade. Indeed economic and social development bring with it benefits but also dangers such as mismanagement, exploitation, rising imbalances in wealth distribution and rising crime rates. These in turn act as obstacles for private investment, which is the key to long-term development and cannot be replaced by development aid. With donors' aid we can together lay the ground for development, we cannot guarantee the success. This depends on the Laotians themselves, who have to make their country attractive for investment- domestic as well as foreign.

In conclusion the EU underlines its readiness to continue supporting the government of Lao PDR to achieve the targets of the Millennium Development Goals, to fulfil the commitments included in the NSEDP and to turn the dream of liberating the whole population from poverty not later than 2020 into reality. The EU also invites the government to have a more intense and regular political dialogue on issues related to the development process in general and the rule of law, governance and human rights in particular.

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**Statements by H.E. Mr. Makoto KATSURA, Ambassador of Japan
At 9th Round Table Meeting
In Vientiane, November 28, 2006**

1. First Statement on the Sixth NSEDP and Governance

Mr. Chairman,

First of all, let me commend the Government of the Lao P.D.R. and UNDP for their tireless efforts of preparations for this 9th Round Table Meeting.

We have just heard comprehensive explanations from H.E. Mr. Soulivong Daravong, President of CPI on the Sixth 5 year National Socio-Economic Development Plan or NSEDP, which is decisively important for the development of this country.

My delegation appreciates highly those efforts of the Government of the Lao P.D.R. of sharing with us relevant informations for the better understanding of donors.

Mr. Chairman,

I would like to take up several points on this Plan.

The first point is the achievement of the previous 5 year Plan for 2001 to 2005. I would say that although some of the targets, such as GDP growth rate were not attained, the economy of Laos as a whole has shown a steady progress in these 5 years. What is important is to make good use of the lessons learnt from the previous 5 year Plan for the implementation of the present 5 year Plan.

Secondly, the present 5 year Plan (2006-2010) elaborates the targets such as GDP growth rate 7.5-8%, in order to achieve the MDGs by 2015 and to get out of the LDCs' status by 2020. My delegation thinks that some of the targets are challenging if not impossible to achieve. We sincerely hope that the Government and people of Laos will make tireless efforts with a strong sense of ownership. And then, donors including Japan are requested, despite of their tight constraints on ODA budget, to offer as much cooperation as possible in view of continuous efforts by the Lao side.

Thirdly, according to the present 5 year Plan, a large amount of investment is required during the period of 5 years in order to attain its targets. In this connection, I would like to commend the Government of the Lao P.D.R. for attaching much importance to the private sector investment. Among the private investment, foreign direct investment (FDI) is expected to have a large share of 60%. Here, I would like to reiterate the previous statements which I made in many occasions that it would be critically important for the Government of the Lao P.D.R. to promptly make every possible effort to improve investment climate. This includes the necessity to enforce enacted laws relating to investment in a fair and appropriate manner, and to grant licenses and permissions in a transparent and fair way.

On the assistance from the donors, the Government of the Lao P.D.R. is expecting 357 million USD annually. I would say that this figure is not realistic if compared to the actual figure of 187 million USD in previous 5 years. In this respect, my delegation believes that further prioritization is necessary when translating the 5-year Plan into the annual plans and budgets.

Mr. Chairman,

I would like to inform you that the Government of Japan has adopted its Country Assistance Program for Laos this September under the mid-Term Policy of Japanese ODA, and the Japanese assistance to Laos will be based on this Program for next 5 years. This

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program attaches great importance to Laos, since Laos is located in the heart of the Greater Mekong Sub-region with a population of 250 million. I would be prepared to introduce this Program further, but to save time, I stop here, and I would be ready to distribute copies of this Program, once the English version is set to be released in the near future.

Mr. Chairman,

On governance, I would like to commend H.E. Ms. Bounpheng Mounphoxay for the comprehensive explanations just made and for her tireless efforts of reform. My delegation believes that the efficiency and transparency of the Government are key to sustainable development as they will eventually reduce administrative costs, promote foreign investment, and contribute to sound public finance.

In this context, it is important to further improve relations among line ministries, and between the central government and provinces, and to create an administrative system that is more efficient in its entirety, now that the regional economic integrations, such as AFTA's coming into effect in 2008 are advancing.

I would like to congratulate the Government of the Lao P.D.R. for having consolidated in recent years, the legal system by creating or modifying laws, which is a prerequisite to the "rule of law." I would like to emphasize the importance that new or modified laws are well disseminated to civil servants and people and thoroughly implemented in fair and just ways. In this connection, it is important to build effective law enforcement system and develop capacities of the staff concerned.

Japan as well as other donors and international organizations have extended assistance in the area of human resources development, based on the requests from the Lao Government. We hope that the Government of the Lao P.D.R. considers taking measures to make best use of human resources of this country. Such measures would include (i) appointment of capable officials to higher posts, (ii) placement of right officials in right posts and (iii) placement of officials to enhance a good balance between the central and provincial governments.

2. Second Statement on Private Sector Development

Mr. Chairman,

Since I have already touched upon this issue in my previous statement this morning, I will try to make following 3 comments briefly.

First, my delegation believes that Laos will be able to attract investment in such areas as labor-intensive manufacturing SMEs as H.E. Mr. Siasavath Savengsuksa mentioned earlier, tourism, hydropower, and mining, by making use of its relative advantages.

Secondly, we think that an idea of Laos being a part of the regional supply chains is quite important. From this view-point, it is necessary to build an institutional system that facilitates cross-boarder transportation in the region. The statement just made by H.E. Mr. Siasavath Savengsuksa was very encouraging one.

Thirdly, my delegation would like to point out that there remain many challenges in this field. Such challenges include consolidation of a legal system, improvement of the predictability and transparency of the institutional arrangements, development of human resources, and establishment of a trade finance system which would also benefit domestic private enterprises.

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3. Third Statement on Financial management

Mr. Chairman,

My delegation has two comments on the issue of financial management. First, my delegation wishes to congratulate the Government of the Lao P.D.R. for the achievement that tax revenue of the year 2005 to 2006 has surpassed the target for the first time, thanks to the efforts of the Ministry of Finance in tax collection. My delegation is confident that tax collection system can be improved further.

Second point is on the Japanese assistance in this field. The Government of Japan has extended technical assistance through Japan's Trust Fund established within the World Bank or by the Japan Bank for International Cooperation (JBIC) in association with the Poverty Reduction Supporting Operations (PRSO) implemented by the World Bank. The Government of Japan plans to extend a soft loan of 500 million yen for budget support within the framework of the PRSO. We strongly hope that the Government of the Lao P.D.R. will redouble its efforts to improve its administrative and financial management system through the PRSO.

[END]

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**Statement by H.E. Mr. Makoto KATSURA, Ambassador of Japan
At 9th Round Table Meeting
In Vientiane, November 29, 2006**

Statement at the Pledging Session

First of all, I would like to point out that the Government of Japan is not in a position to make concrete commitments for multi-fiscal years, because Japan has a single year budgetary system. Further, since the Japanese fiscal year starts from April, even our draft of the national budget for the fiscal year 2007 has not yet been formulated at this moment. Therefore, unfortunately it is difficult to make any substantial commitment for the next fiscal year.

Nevertheless, the Government of Japan attaches importance to the Mekong region and regards Laos as its heart. Thus, we would like to make continuous efforts to provide Laos with as much assistance as possible mainly in our priority areas, so that the targeted level of our assistance would be approximately no less than the level of the past years with some annual fluctuations which may occur. In order to make this possible, good projects should be proposed and formulated, and then, we will consider them positively on the basis of the evaluation on the previous projects.

As a representative of a donor government, I would also like to point out that it is very important to make sure that our tax payers' money be spent effectively. In other words, the level of the assistance to Laos from Japan up to 2010 will be influenced by the Lao Government's efforts. Therefore, I strongly hope that the Government of the Lao P.D.R. will redouble its reform efforts and will show its stronger ownership in the efforts towards increased aid effectiveness and donor coordination.

[END]

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United States of America (USA) Comments for the 9th Round Table Meeting
November 29, 2006

- Your Excellency Mr. Bouasone Boyuphavanh, Prime Minister, Deputy Prime Minister Dr. Thongloun Sisoulith and Dr. Hafiz Pasha, Assistant Administrator and Director, Regional Bureau for Asia and the Pacific UNDP.
- I appreciate the opportunity to comment on the sixth five year plan and the future of Laos' economic development. We recognize the government and development partners have worked together in good faith to craft a forward leaning document.
- As noted, there are a number of areas where real reform is necessary if Laos is to prosper. Laos still ranks very low in several international indices of economic freedom, ease of conducting business, and transparency. Regulation of business and investment must be simplified.
- The current body of laws needs to be re-crafted to encourage business, not limit it. For example, domestic entrepreneurs cannot thrive without a solvent and accessible banking and finance system.
- The Bilateral Trade Agreement Laos signed with the US mandates some of those reforms, and is crafted to help Laos enter the WTO. Implementing the BTA would satisfy most of the WTO entry requirements.
- For reform to be truly successful, government at the highest levels must make clear that FDI is welcomed, that decision making by the

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- government will be transparent, and that corruption will not be tolerated. If officials embrace that reform is in their own interests, Laos will see results much faster.
- The bulk of our aid, including humanitarian assistance, has been focused and will continue to be focused on the following areas: (1) narcotics affairs (alternative livelihoods, public awareness and treatment programs to address opium and ATS addiction, and law enforcement training);
 - (2) UXO abatement, training and victims assistance; (3) public health, focused on avian influenza and HIV/AIDS/TB and Malaria; (4) and programs to strengthen the Lao legal system and to assist with BTA implementation as well as WTO accession.
 - The United States is committed to supporting the people of Laos in the future as it does now.
 - The United States welcomes the focus on increasing aid effectiveness and therefore will join the other Development Partners in signing the Vientiane Statement on Aid Effectiveness.
 - Additionally, the United States expects the Action Plan and any subsequent implementing document to be more explicit on the roles for the private sector and civil society in implementing and monitoring the process.

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Lao PDR 9th Round Table Meeting, 28-29 December 2006 Comments by Switzerland

- **Comments at the session on Governance**

Switzerland would like to thank the government of Lao PDR for organizing this 9th Round Table Meeting.

In this intervention, I will focus on the presentation of the “Strategic Plan on governance 2006 – 2010”, which develops further the Governance Policy Paper presented three years ago. At that time, Switzerland had commended the government on that first vision for improved governance in Lao PDR, noting however that it lacked clear priorities and road map for implementation. We note that in the new document, there has been a shift to an increased strategic prioritizing of the needed governance reforms. The Plan identifies strategic outputs and broad indicators, which will allow to track future progress. In that context, we very much welcome the last section of the plan on monitoring and evaluation, which shows a clear commitment to develop a road map and will contribute to informed decision making.

As a major development partner contributing to the Governance and Public Administration reform Programme at central and provincial level, we are pleased to see the strong emphasis given to enhanced access to Government services for all people. We welcome the accent set on the promotion of participatory planning, as well participatory assessing and monitoring, including the foreseen survey’s to get the people’s opinion on the services provided.

Switzerland especially welcomes participatory planning, monitoring and assessing because they are critical tools to improve the focal site approach. We are convinced that consistent and meaningful participation of the concerned populations will enable the authorities to improve the impact on poverty and to improve the quality of basic services delivered. Additionally this will open opportunities that will allow to look for alternative solutions responding to the actual needs of the concerned population.

The NSEDP 2006 – 2010 stresses the Governments plans to decentralize functions to local authorities. The clarification of central and local relationships is clearly mentioned as an outcome in the strategic plan. In this context, we would welcome a clearly sequenced action plan for implementation of the decentralisation policy, including plans to upscale successful pilots. From Switzerland’s own experience, we know that in the context of such a plan, the capacity development at the local level will need special attention. We are convinced that the Lao Government is fully aware of this and will take the necessary actions. We would like to reiterate our full support to the Government’s efforts in this direction.

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- **Comment at the session on Resource mobilization to implement the 6th Five Year Plan**

On behalf of Switzerland, I would like to commend the Government of Lao DR for its National Socio-Economic Development Plan 2006-2010, which provides a single strategic framework for the country's medium term development efforts. Such a single framework should allow more coherent, effective and efficient alignment and support by the development partners.

Switzerland has very recently opened its representation office in Vientiane to increase its cooperation quantitatively and in quality and to better coordinate its developments activities in Lao PDR. We expect to double the volume of our cooperation to reach CHF 10 million by 2010 and expect to continue to focus on rural livelihood and on governance, and to target poverty in the Upland areas.

In this context, as we have heard yesterday and today, there are important challenges coming with increasing liberalisation of markets, in particular after 2008. There is a need for clear strategies on how to deal with a rapidly changing context, to enable all the population to reap the benefits. In this regard we would like to highlight the importance of strategies adapted to the situation in the uplands and its diverse ethnic population groups. We would very much welcome a shift towards more evidence based policy making, away from "a one fits all", and are very willing to provide support in this direction.

We are very pleased about the progress made in the field of coordination, harmonisation and aid effectiveness with the establishment of the joint sectoral government / donor working groups and the recent elaboration of the Vientiane Declaration on Aid Effectiveness. We look forward to contribute to the action plan, its targets and indicators, which will allow to implement concrete actions, and monitor progress.

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**Remarks by HE Karen Tan, Ambassador of the Republic of Singapore at the 9th
Round Table Meeting, Vientiane,
29 November 2006**

Mr Chairman,

At the outset I would like to join the previous speakers in congratulating the Government of the Lao PDR for the work that has gone into putting together a very comprehensive 6th National Socio-Economic Development Plan (2006-2010). This has provided 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 detailed presentations yesterday and this morning were also very useful.

As members of the ASEAN family, Laos and Singapore have cooperated closely together to narrow the development gap within ASEAN. We believe that a strong and integrated ASEAN community is necessary to meet the challenges and opportunities within the region and beyond. In this connection, Singapore is committed to provide technical assistance to Laos to complement the Lao government's efforts to integrate into ASEAN, and in its national poverty reduction programme to lift the country out of its LDC status by 2020.

Singapore's technical assistance programme is based on the philosophy that human resources development is the key towards sustainable economic development. As many of you here already know, Singapore's technical assistance is 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, more than 4000 Lao officials from various ministries have 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 Laos, Singapore set up the Lao-Singapore Training Centre (LSTC) in November 2001 and more than 2500 officials have since been trained at the Centre.

To better utilise aid resources and partners' capabilities, Singapore has also taken the initiative to collaborate with other development partners such as the UNDP, Australia, Japan, the ROK, European Commission and SNV to provide specialised technical assistance to Laos. For example with the support of the UNDP, I am pleased to note that the National University of Singapore (NUS) Law Faculty Legal Writing Team is currently in Vientiane to complete its third project on translating Lao laws into English. This will greatly help new investors and make Laos a more attractive investment destination.

During this Round Table Meeting, I would like to take the opportunity to reaffirm Singapore's commitment to the ongoing SCP and IAI programme. I would like to assure the government that our current technical assistance programmes remain responsive to the

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key needs identified by the government of Laos. For example, Singapore stands ready to cooperate with the Lao government in its implementation of the Legal Masterplan.

We have been working closely with the government as well as other development partners, and will continue to do so, in order to ensure that our assistance meets the development needs of Laos. In this regard, Singapore has signed the Vientiane Declaration on Aid Effectiveness.

Thank you.

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Statement German Delegate (28.11.2006)

Mr Chairman, Excellencies, Dear Colleagues

I commend the government of the Lao PDR for the excellent preparation of this round table and the impressive presentations made so far.

I am confident that the strategies and plans are implemented with the same seriousness and diligence that obviously have guided the preparation of the documents.

Germany relates its decision-making on development cooperation with partner countries and on the allocation of ODA on 3 major criteria: Besides the need of the country and its people, and the prevailing conditions of governance, a major factor is the commitment of a government to mobilize its own resources to the extent possible and thus to decrease the dependency on foreign aid.

Germany notes with appreciation the great emphasis given by the Lao government to increase its revenues.

In order to translate the indeed extremely ambitious figures into reality, Germany wants to encourage the Lao government to address the concerns raised by speakers before lunch esp. regarding participatory, transparent processes of decision-making and governance.

In addition, please allow me to raise more specific concerns in connection with the budget.

Firstly, the efficiency of the tax and revenue administration which definitely needs to be enhanced through institutional reforms and capacity building.

Second and more specifically there seems to prevail an imbalance between the shares of national and provincial governments in certain revenues in favour of the latter, which often defer to channel tax revenues to the central government as required. So on this respect, one could speak even of over-decentralisation.

Thirdly, since Germany is i.a. active in the development of rural mountainous areas, I would like to draw your attention to an issue which is of great importance both to the development of rural areas and the mobilisation of domestic revenues to the extent possible. The issue is the system of land use and concessions for land use, in particular with regard to rubber plantations. In line with the objectives and strategies outlined in the 5-Year National Socio-Economic Development Plan and so impressively elaborated in the presentations today it might be worth to consider re-examining the present policy of concessions.

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According to recent studies the concession fees levied in Lao PDR for rubber planting often amount to roughly 2 USD per ha only (with a 7 year exemption period) whereas in some bigger neighbouring countries they vary between 30 and 70 USD per ha and year¹. In addition, the total revenues so far have been way below the figures underlying the budget plan. This is partly due to intransparent tax levying and partly due to insufficient transfers of taxes and revenues by Provinces to the central government.

In this context, I would like to encourage the government of Lao PDR to continue to protect and promote the interests of the local population. After all, given the importance of the rural economy of this country it appears to be decisive for achieving the Millennium Development Goals and the targets of the NSEDP to exploit the great potential of agriculture in a way that leads to increase in income both to the Lao people and the government.

¹ LPDP study team, June 2006: Study on State Land Leases and Concessions in Lao PDR (Land Policy Study No.4 under LLTP II)

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Statement of the Ambassador of France
at the 9th round table meeting on 28 and 29 November 2006

The RDP Lao and France will soon sign a country partnership document (Document cadre de partenariat), which has jointly defined the priorities for the next five years in order to fit not only the National Growth and Poverty Eradication Strategy (NGPES) but also the time framework of the 2006-2010 fifth year plan.

Along the Paris declaration, the DCP therefore guarantees better effectiveness and visibility of French aid as well as giving the country partner a medium-term perspective for a more realistic policy building.

Furthermore, the DCP focuses all available cooperation tools (program and project aid and technical assistance) on the priority sectors where the most important challenges need to be addressed.

Aid-effectiveness is also being enhanced through the DCP by seeking more coordination with other development partners.

Finally, the DCP has the advantage of including all French players working in the development field:

- The state with all its different agencies, particularly the French Foreign Ministry and the Agence Française de Développement (AFD)
- The research institutes
- The local authorities (towns, districts and provinces)
- The International non governmental organisations.

It is indeed essential to incorporate the support of all those actors in the evaluation of French public aid since it is this whole group of players that constitutes today's "French cooperation".

The priority sectors where France devotes all its efforts are:

- Agriculture and food security
- Urban infrastructure
- Health and fight against aids
- Culture and Cultural heritage
- Higher education and research for development
- Governance and institutional capacity building.

Disbursements and commitments of France for the next five years are as follows.

- **To begin with, as a reminder, the disbursements for the year 2006 :**
 - **15,1 M\$** for state interventions
 - **1,5 M\$** for actions on a sub-regional scale that is for several countries in the sub-region but especially Vietnam, Cambodia and Laos
 - **1,9 M\$** from international non-governmental organisations in which the French government has financed 33 % of the total.

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- 0,5 M\$ from local authorities

Therefore a total of 19 M\$ for 2006.

- **For the year 2007, France commits to the following disbursements :**

- 16,2 M\$ from the state
- 1,5 M\$ for actions on a sub-regional scale
- 1.9 M\$ from International non-governmental organisations in which the French government finances 33 % of the total.
- 0,5 M\$ from local authorities

Thus reaching a total of 20 M\$.

With regard to the years 2008, 2009 and 2010, the financial engagements of France should follow the same tendency, the pace of which will of course depend on the administrative capacities to elaborate, examine and approve the actions to be implemented.

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Talking Points for Australian Statement in Support of the Implementation of the Lao PDR's Sixth Five-Year National Socio-Economic Development Plan (NSEDP)

Australia's Development Program

1. The Australia - Lao PDR Development Cooperation Strategy for 2004-2010 defines our aid program. The strategy has been published and I table it for inclusion in the records of this meeting.
2. Australian support is determined annually, in line with our domestic budgeting priorities.
3. Our support is around A\$21 million, focused on three key areas:
 - I. Education: building Lao human capital through improved access to education and support for applying new skills and knowledge
 - II. Market Economy and Trade: promoting the a market economy through improved land tenure, support for private sector development, and assistance with Laos's further integration into global and regional trade structures
 - III. reducing the vulnerability of the poor through reducing the impact of disasters including UXO

Whitepaper

4. Australia's recent aid policy White Paper includes a commitment to almost double our global aid effort to around \$4 billion by 2010.
 - The policy includes a greater focus on linking our aid to performance, strengthened governance and reduced corruption.
 - The policy is closely aligned with the Paris Declaration, stronger partnerships, closer alignment, increased assistance and streamlined implementation through existing mechanisms are key elements.
5. Australia's development strategy for Laos will be re-assessed in 2007 in light of the White Paper on Australian Aid,
 - While maintaining focus, we will assess possible increased commitments in education, trade reform and public financial management.

I would like to make some comments on specific areas of the NSEDP, where Australia has expertise and experience

Education

6. We are pleased that that Education is highlighted as a priority in the NSEDP.
 - We support policies for equitable access and quality education at all levels.
 - And the emphases on those traditionally with limited access, particularly ethnic minorities, girls and other disadvantaged groups.
 - We commend the integration in to the curriculum of important issues including gender, HIV/AIDS, drug control, UXO.

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7. We note that the NSEDP indicates that the education sector suffers from insufficient budget allocation.
 - Information is sketchy, however it appears that only only 3.5% of investment has been allocated to education and HRD, far behind other sectors and low compared to other countries.
 - We would welcome increased government support for the sector and further details about resourcing.
8. We are pleased with the progress towards a sector wide approach to education.
 - We encourage the government to continue reforms (transparency/planning/accountability).
9. Australia will maintain close working relations with the Lao Government, other donors and international organisations through the new official joint working group.
10. As the co-chair of the informal donor education working group we would like to table a statement on behalf of the group for inclusion in the record of this meeting.

Land titling

11. Security of land tenure through clearly defined titling is a key component to economic development, infrastructure development; private sector development; rural development and has links to urban planning and management of natural resources.
12. Australia welcomes establishment of NLMA as an organisation to unify policy environment and coordinate potentially conflicting issues relating to land use, management and administration.
 - We will support the Government in developing an overarching land policy to ensure that potential of land realises benefit for the Lao PDR.

Aid Effectiveness

13. Australia is pleased to reaffirm our commitment to aid effectiveness by signing the Vientiane Declaration.
 - We now urge GOL and donors to move quickly to develop an action plan with realistic indicators and targets for all stakeholders (GOL, int orgs, donors, emerging donors).
 - We encourage everybody, including newly emerging donors, to plan and share information openly and transparently.
 - *And we ask the government to ensure increased transparency, accountability in public expenditure management, and improved planning and reporting so that donors can better to contribute to the Governments goals*
 - *We note that the emergence of new donors is a big strategic issue for the us all over the mid to long-term*
14. Finally, in the spirit of the Vientiane declaration, we encourage the Government and the development partners to consider that we make jointly prepared statements for future gatherings such as this. Thereby, enabling more time for frank and open discussion/debate on future development priorities.

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15. We look forward to continuing our work with the Lao Government and our development partners for the reduction of poverty, the achievement of the MDG's and in support of the Governments goal to graduate from LDC status by 2020.

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**Laos Education Donor Working Group
Education issues for tabling at the 9th RTM
28 November 2006**

- The NSEDP Plan emphasises its focus on promoting economic development, with human development as a key vehicle, recognising interdependence between economic growth and social development in addressing poverty reduction and meeting the needs of socio-economic development of the country.
- The overall goal of equitable access and quality education at all levels are appropriate. We are pleased to see that the emphases will be given to under-served area, particularly to the ethnic areas and the disadvantage groups.
- While Lao PDR has made substantial progress in expanding the access of all Lao children to basic education, more needs to be done to improve the quality of education and to reduce the disparities linked to gender and ethnicity. We commend integration of broader crosscutting issues including gender, HIV/AIDS, drug control, UXO and others, these are important aspects of education curriculum contributing to reduction of vulnerability of children and youth to those potential threats.
- We note the government commitment to completely abolish illiteracy by 2010. This is an ambitious task and will take significant resources. Census-based literacy rate data in 2005 shows that only 68.2% of population aged 15 and over are literate, while the most recent functional literacy survey data indicate a literacy rate of only 45.2%. We commend the assessment of constraints and lessons learned of past illiteracy eradication efforts which lacking strategic plan and detailed provisions.
- While the overall strategy for education is encouraging, we are concerned with the Sixth Plan Resource Allocation by Sector particularly the comparatively small allocation to education and HRD and the balance between recurrent and capital expenditure. The overall education sector has suffered from insufficient state budget allocation, the investment in human resource development in Lao PDR is very low compared to that of other countries in the region.
- The donor community appreciates the recent interest shown by the Prime Minister for comprehensive reform of the education sector and are ready to support such a reform process. Improvement in the Education sector is fundamental for the achievement of the government's vision of graduating from the LDC status and the successful implementation of the Poverty Reduction Strategy.
- Given that Education Sector has suffered from under-funding for several years, successful implementation of Education Reform will require substantial additional resources, allocated equitably and efficiently. In this context, we hope that the proposed measures for education reform will be fully prioritised and linked to a realistic costing of such measures.

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**Lao PDR: Ninth Round Table Meeting
November 28-29, 2006; Vientiane Lao PDR**

**World Bank Statement by
Ian C. Porter, Country Director, South East Asia**

Excellencies, Ladies and Gentlemen

We congratulate the Government of Lao Peoples' Democratic Republic and the United Nations Development Program (UNDP) on organizing this event, which represents an important opportunity for the Government and development partners to take note of progress and discuss the Lao PDR development strategy for the next few years. During the past five years, Lao PDR has made considerable progress in promoting economic growth, reducing poverty, addressing bottlenecks in the delivery of services in education, health and water supply, developing infrastructure including the Nam Theun 2 hydropower project, and protecting the environment. These efforts are beginning to show results through improved human development outcomes in the country. It's important that Lao PDR build on these sound building blocks, by going further and pursuing a dynamic reform agenda as its neighbors are doing. I would like to highlight the key challenges that the Government and Development Partners need to pursue over the next few years.

First; with the NSEDP as a sound plan now in place, the focus needs to shift to its implementation and achieving results

We are pleased to learn that the participatory approach employed by the Government has significantly strengthened the ownership and quality of the 6th National Socio-Economic Development Plan (NSEDP). The Plan represents a credible Poverty Reduction Strategy; it integrates the National Growth and Poverty Reduction Strategy (NGPES) that was prepared earlier; and the World Bank looks forward, together with the IMF, to presenting the Plan to our respective Boards of Directors as the Government's Poverty Reduction Strategy. In this context, the Plan addresses the three main principles of Poverty Reduction Strategies: *poverty reduction focus, transparency and participation, and monitoring and evaluation*. The Plan sets a realistic poverty reduction target, recognizes that the private sector is an increasingly important driving force for accelerating growth and reducing poverty, and articulates strategies for infrastructure, rural, social and human development, and environmental protection for sustainable export-driven growth.

The focus from now on should be its effective implementation. As the Government moves forward, we strongly encourage that the upcoming NSEDP Action Plan include a dissemination program that builds on the earlier consultation process, and includes a comprehensive macro-fiscal framework, and a robust monitoring framework to assess the achievement of results.

Second; mobilizing and managing resources is key to achieving results

The availability of adequate resources is key to the achievement of the Plan's results. Government's recent efforts to improve public financial management systems and increase domestic revenues are commendable. In particular, strong progress on the Budget and VAT

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Laws is notable, as well as the continuing dialogue on central-local relations, including tax, customs and Treasury centralization reforms. This momentum should be sustained so as to generate the resources needed for implementing the priority actions committed to in the NSEDP, complemented by donor funding.

We support NSEDP's thrust on four priority sectors – health, education, rural development and infrastructure, and look forward to working with Government to finalize the public investment program. To achieve the key Millennium Development Goals (MDGs) in health and education, the NSEDP aims to vastly increase the recurrent spending on education and health sectors. The Government will need to strive to increase domestic public resource flow into the priority sectors, especially concentrating on recurrent spending in health, education, infrastructure and agriculture, and progressively reduce dependence on donor funding.

Third; natural resources exploitation should be environmentally and socially sustainable as is being demonstrated by the Nam Theun 2 Hydropower Project (NT2)

Given that future growth in Lao PDR will in large part be due to natural resources, the management of natural resources will be a critical area for the Government to focus on over the next plan period. Transparent and sound management of natural resources and their use to build up human resources and infrastructure of Lao PDR will be essential. In recent years, Lao PDR has developed some excellent practices in both hydropower and mining and these lessons should be applied wherever possible. Given the large volume of investment that is expected to flow into resource sectors, the focus should be on the quality of these investments in order to ensure that Lao PDR avoids the problems faced by many other resource-rich countries. We would like to encourage the Government to continue implementing appropriate social and environmental safeguards as it moves forward with the careful exploitation of the country's natural resource base. We also encourage the Government to consider joining the Extractive Industries Transparency Initiative.

Fourth; diversifying the economy is key to more inclusive growth

In addition to the prudent management of natural resources, the Government should continue its structural reforms, in particular, around trade liberalization and the provision of an enabling environment for the private sector. These reforms are essential to enabling broad-based growth and poverty reduction and the emergence of an increasingly modern and diversified economy. The Government has already made several important steps towards improving the business environment and increasing export competitiveness. In particular, the new Enterprise law and Prime Minister's order for its implementation are critical steps to improving the business environment through simplifying and streamlining business regulations. The reforms planned in reducing tariff and non-tariff barriers to trade and regional integration, including customs procedures simplification, AFTA commitments, ASEAN commitments, and the ongoing progress of WTO accession are also commendable.

Reforms in business registration, state-owned enterprise reform, and the financial and banking sectors will also be key to improving the investment climate. Accelerating the pace of reform in the banking sector is critical. While progress in drafting the commercial banks law has been good, more needs to be done in state-owned banks supervision, their

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adherence to the Governance Agreements, and in promoting a level playing field in the banking and financial sector, including establishment of joint ventures.

Fifth; including all people in the benefits of growth remains a challenge

While increasing growth is to be welcomed, the poverty reduction objectives of the NSEDP will not be achieved without a deliberate focus on spreading the benefits of this growth. This includes ensuring that growth happens in rural as well as urban areas, focusing on the needs of ethnic minorities, as well as focusing on the particular needs of women and children. We welcome the government's strong commitments in each of these areas, and look forward to learning more about the Government's Khumban Development Program that is to be implemented in the 47 poorest districts.

Sixth; strengthening Governance is fundamental to progress on all fronts.

As the government has articulated in the NSEDP and the associated strategic plan on governance, improving the effectiveness and efficiency of governance is critically important to achieving the objectives articulated in the plan. We would echo the government's key themes of public services improvement, people's participation, the rule of law, and sound financial management as being fundamental to future success. We also welcome the approval of the Anti-corruption Law, its ongoing implementation, and strengthening of the State Audit Office and State Inspection Authority.

Seventh; increasing aid effectiveness should be a priority

Given the critical importance of development assistance to achieving the objectives set out in the NSEDP, it is critical to take all possible measures to maximize the impact of this assistance. The Government of Lao PDR has already taken some important steps in this direction by signing the Paris Declaration on Aid Effectiveness and working with donors to draft a localized declaration, which the World Bank will be pleased to sign. We look forward to rapid progress on an action plan and monitoring framework which will guide the implementation of this declaration and contribute to meaningful outcomes. We also look to the Government's leadership in including a broader circle of partners, both traditional and non-traditional, in this process.

The World Bank already has a number of initiatives underway to improve the effectiveness of its support, including through our donor harmonization efforts. We will continue our Joint Portfolio Effectiveness Reviews with the Government and interested partners, and are working with partners to establish two Multi-Donor Trust Funds in the areas of Public Financial Management and Trade- Related Assistance. We are also in dialogue with Government and interested partners to support a sector-wide program in the road sector; as well as in broadening donor support for Poverty Reduction Support operations.

A key part of the aid effectiveness agenda is mutual accountability for results. Mutual accountability is built from a shared vision, for which the NSEDP is a strong starting point, as well as a sound monitoring and evaluation framework that enables Government and development partners to measure their progress. Better measurement of results achieved not only enables Government and donors to focus attention on what works, but also builds

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momentum for increased resource flows that are linked to increased results.

Finally; we are committed to Lao PDR's vision to exit from least developed country status by the year 2020

The World Bank will continue to be an active development partner of the Lao PDR in accordance with its Country Assistance Strategy for 2005-2009, which supports the NGPES and now the NSEDP in the following priority areas: (1) sustaining growth through regional integration and private sector development, rural development and natural resource management; (2) improving social outcomes and reducing vulnerability through strengthened public financial management and service delivery capacities and targeted poverty reduction programs; (3) adopting a strategic approach to capacity development and partnerships to support better NGPES and NSEDP results; (4) supporting the implementation of NT2.

World Bank support to Lao PDR in these four priority areas will be through a combination of technical assistance, advisory services, and investment and budget support operations through IDA grants. The assistance in the coming years will comprise budget support under the Poverty Reduction Support Operations, economic and analytical work, capacity development, and infrastructure and other investment projects in rural development, health, education, and natural resources management and the environment sectors. Over the current plan period, our support will be about \$165 million dollars (or \$33 million per year), made up of undisbursed commitments of the existing portfolio of projects, new projects in the pipeline, and ongoing and planned technical assistance activities. In addition the Bank will also access funds from the IDA Regional Facility to finance Mekong regional projects in energy and water sectors that involve Lao PDR. The Bank's private sector financing arm, International Finance Corporation, will continue to support Lao PDR through the Mekong Private Sector Development Facility (MPDF), and is also exploring new investment opportunities to expand its role in the country. An increase in World Bank support beyond this level is dependent on improvements in Lao PDR's performance in policy and governance reforms and improvements in the performance of the portfolio of Bank supported projects in Lao PDR.

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Ninth Roundtable Meeting on the Lao PDR

Vientiane—November 28-29, 2006

Statement by Ben Bingham Representative, International Monetary Fund

1. I am pleased to represent the International Monetary Fund at the Ninth Roundtable Meeting for Lao P.D.R. This meeting provides a good opportunity to review the progress made since the last meeting three years ago, and to discuss the new National Socioeconomic Development Plan that the government has prepared to guide the economic reform agenda for the remainder of the decade. In my remarks today, I will review recent macroeconomic developments and sketch our assessment of the medium-term economic outlook. I will then discuss some of the key elements of the macroeconomic strategy laid out in the Plan.

Macroeconomic Developments and Prospects

2. Lao P.D.R.'s economic performance in recent years has been encouraging in many respects. The economy has enjoyed several years of macroeconomic stability thanks to disciplined economic management, and economic growth has been robust, particularly over the last couple of years, when a number of large mining and hydropower projects came on stream. The gradual integration of the economy with that of its fast growing neighbors is also bringing substantial benefits, and has laid the basis for impressive progress in reducing poverty.

3. The economic outlook is favorable. We project economic growth averaging around 7 percent over the next five years, driven mainly by foreign direct investment in the mining and hydropower sectors. Other sectors, such as agriculture, tourism, and to a lesser extent manufacturing, are also picking up.

Provided they are well managed, the large mining and hydropower projects should also help ease existing vulnerabilities, notably from the high level of external public debt.

4. However, the authorities still face significant challenges in developing the economy and ensuring a sustained reduction in poverty.

- First, while there has recently been a welcome pick-up in foreign direct investment, many sectors continue to struggle with weak efficiency and poor competitiveness, hampering the capacity of the economy to generate employment and ensure a broad-based improvement in living standards.

- Second, the macroeconomic situation is still fragile. Revenues have started to improve, but are still low by regional standards and fall well short of essential public expenditure needs. Government debt, at 80 percent of GDP, is high by any standards, and the state-owned banks, which dominate the banking system, are in a precarious financial position.

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- Finally, public service delivery will need to be upgraded significantly, if Lao P.D.R. is to achieve a sustained improvement in social indicators.

Medium-Term Strategies and Policies

5. The development plan for 2006–2010, to its credit, recognizes these challenges and sets out a comprehensive development agenda to address them. As we support the plan's strategic goals and broad policy directions, let me briefly review what we see as the key macroeconomic policy priorities for the current five-year plan period.

6. First, sustaining broad-based economic growth. While the large mining and hydropower projects should make a positive contribution, sustaining economic development will require steps to strengthen the competitiveness of the underlying economy. The main priority in this regard will be to deepen the process of regional and global integration, develop the infrastructure, improve the investment climate, and complete the transition to a market-based economy.

The government's application to the World Trade Organization would be an important vehicle for moving these reforms forward.

7. Second, maintaining macroeconomic stability, which is a critical condition for enhancing growth and raising the living standards of the Lao population. This should not be taken for granted, as stability could easily be lost if the commitment to sound economic management were to weaken. The key challenge will be to address the structural weaknesses in the budget—especially with regards to revenue mobilization—and the banking system, in order to strengthen the macroeconomic foundations of the economy.

8. In this context, I would like to stress the importance of managing the external public debt cautiously, as even with strong growth in exports and a major drive to raise revenues, the debt service burden will remain heavy until the end of the decade. Given the tight borrowing space, we would encourage the authorities to continue to focus on mobilizing grants and highly concessional loans to meet their development needs. Public borrowing for the large hydro-projects in the pipeline could pose a risk, if not managed carefully. In our view, borrowing for government equity should be limited to projects with firm financial viability, and be, in aggregate, consistent with a decline in public debt ratios over the medium term to more sustainable levels.

9. Third, reforming center-province relations. We fully agree with the priority being placed on reforming the decentralization framework. This is key to improving fiscal management, as the lack of control over revenue and treasury operations in the provinces has been a major impediment to establishing a strong revenue base for the budget, improving expenditure policies, and strengthening fiscal management more generally. Recent developments are encouraging, as the new state budget law that will shortly be discussed by the National Assembly is potentially an important step forward. The main challenge will lie in its implementation, as many of the details of how revenues will be administered and how resources will be allocated across provinces have yet to be worked out.

10. Fourth, pressing ahead with complementary reforms to strengthen fiscal management. We very much welcome the plans to introduce a VAT and support the

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ongoing programs to strengthen public expenditure management. These are key elements of the broader strategy to develop a fiscal system that can mobilize resources and allocate them effectively across competing expenditure priorities. Both reforms will require careful planning to succeed and will take time to implement, not least because they hinge on the outcome of the process of reforming fiscal relations between the center and provinces.

11. And fifth, accelerating reforms in the banking system. As noted in the plan, establishing a sound banking system is key to supporting economic development, to help mobilize domestic saving and channel resources effectively toward the most productive uses. The plans to modernize the banking legislation and strengthen the supervisory capacity of the Bank of Lao P.D.R. are welcome. However, the most pressing question is how to move the state-owned bank restructuring program forward. After nearly a decade of attempts to reform the banking system within the state sector, the authorities may need to consider a broader range of options, including attracting strategic outside investors.

Natural Resources

12. There is one issue that, perhaps, deserved greater prominence in the plan. The development of Lao P.D.R.'s rich natural resource endowment has the potential to substantially enhance the country's development prospects, but the emergence of resource-based revenues also poses a unique set of problems for macroeconomic management, as many resource-rich countries have found to their cost.

13. It will be critical that these revenues contribute to sustainable development and poverty reduction. Improving fiscal transparency and accountability takes on an even higher priority when a country has significant natural resource revenues, as it is essential to ensure that these resources are deployed in a manner that enhances the economic potential and social welfare of the nation. The Extractive Industries Transparency Initiative and the IMF's Code of Good Practices of Fiscal Transparency provide international standards that might help the government establish a robust framework for managing these resources.

Other issues

14. Before finishing, let me make a couple of observations on the numerical aspects of the plan. The absence of a well articulated macroeconomic framework is an issue that will need to be addressed in future plans. A number of the targets in the current plan—for example the budget deficit target (6-7 percent of GDP), and the near doubling of overseas development assistance—raise questions about the soundness of the framework. Although we believe the underlying policies are sound, the lack of a coherent macroeconomic framework weakens the plan's effectiveness as an instrument to communicate the government's policy agenda to the outside world.

15. I would also like, in this context, to emphasize the importance of further improvements in the quality (and timeliness) of Lao P.D.R.'s statistical data. The National Statistics Center is working hard in this area, and deserve increased support for their efforts. Improvements in this area would enable more effective monitoring of economic developments, and would, by extension, greatly strengthen the foundations of economic policy making.

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16. With these caveats, let me conclude by saying that we are encouraged by the outlook for the Lao economy, and the signs of renewed vigor in the reform agenda, reflected in the current development plan, that have emerged since the Party Congress in March. We wish the authorities every success in their endeavors.

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Joint Statement for the Ninth Round Table Meeting Vientiane, November 2006

INGO Network

Mr. Chairman and distinguished guests, it is a great honour at this important meeting to present a joint statement on behalf of 58 international non governmental organisations (INGOs) working in Lao PDR. The statement was created through the participation of INGOs in the informal INGO network and sector working groups and we are pleased to announce a new position, to be based at Handicap International Belgium, for which a part of the duties and responsibilities will be INGO liaison and information sharing. We have also been very happy to hear that the Ministry of Foreign Affairs is undertaking a review of the NGO Decree and see this as an additional opportunity for improved understanding and cooperation between INGOs and the Government.

We congratulate the government on its accomplishments towards lifting Lao PDR from the status of least developed nation. As a result of the governments' previous plans there is much evidence of the growing vitality and wealth of the nation and we sincerely hope the 6th NSEDP will bring even more progress. We wish to signal our strong commitment to working closely with the government and with all development partners to achieve the targets set out in the sixth plan and to meeting the objective on which we are all agreed; a better life for all Lao people.

INGO programmes reach every province and district in Lao PDR, and cover almost all sectors. It was therefore necessary to summarise the main points developed by the five INGO sector groups to share with you today and I direct you to the complete document for more detail. I will begin with a brief cross-cutting introduction and then move on to highlight the main points made by each of the sector groups.

The major focus, expertise and experience of INGOs is human development; through poverty reduction, social equality (with a focus on poor, isolated and vulnerable groups), environmental sustainability, people's participation and capacity development. We are delighted to see that these are all strong themes running through the sixth NSEDP and in order to achieve these goals we would like to encourage the following;

First, provision of more services and support directly targeting the poorest and most vulnerable such as ethnic groups, disabled people and women. If growth is to be truly equitable then these people must be our priority in the coming years. Furthermore we must ensure that all Lao people are adequately protected through effective implementation and promulgation of the government's plans for decentralisation and the laws and regulations which have been developed in recent years. Lao PDR's comparative advantage in regional trade must not be low standards and weak enforcement of social and environmental regulations.

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With regard to basic services such as healthcare and education, issues in need of urgent attention include the barriers, both economic and cultural, preventing the poorest and most vulnerable people from accessing those services and the quality of human resources. While a lot of much needed capacity building has occurred in recent years, it has often been negated by a lack of follow up and professional support as well as by the long standing issues of staff salaries and incentives. The bi and multi lateral donors have expressed concern over recurrent costs and we hope that all partners can come to the table with open minds to find creative solutions. We look forward to participating actively in such a discussion.

Finally, INGOs have been much encouraged by the appearance of Lao Non Profit Associations (NPAs) over the last three years or so and by the growing awareness that it is Lao people who can best help Lao PDR to develop in its own way and according to its own unique culture and history. We hope that the government will continue to provide an enabling environment for local social organisations to flourish here and that all development partners will coordinate support in a way that facilitates local organisations to be most effective.

I will now move on to the sector specific issues raised by each of the sector working groups.

With respect to education, NGOs recommend:

- 1. The Development of Appropriate Strategies for Better Enabling Rural and Ethnic Children to Enroll and Complete their Schooling.* These could include provision of uniforms and equipment, livelihoods support, better needs analysis, attention to the relevance of curricula, literacy support for parents and extra support for first generation learners.
- 2. Improved Professional Support and Working Conditions.* Here we could see better organisation of school clustering to improve professional support, systems to ensure regular payment of salaries, and incentives for teachers such as housing, training and career management.
- 3. Inclusive and Special Education:* More must be done to make sure disabled children, children with learning difficulties and other marginalized children are not excluded from education and that gender considerations are adequately taken into account by promoting a curriculum that respects the rights of men, women, boys and girls.

Many of the Health sector issues are the same as those for education;

Firstly, the barriers which prevent the poorest and most vulnerable from accessing services. These barriers are both financial and cultural and need to be tackled on both levels. In particular, the demand for payment at source can push poor families into absolute poverty so schemes that provide a net for the most vulnerable are vital.

Secondly, capacity building loses much of its value if it is not backed up with professional support and improved working conditions, here again the issues of salary and incentives need to be addressed.

Thirdly it is important that all development partners begin to mainstream and coordinate public health messages in order to better reach the whole population with the same information and advice.

For NGOs working in Agriculture, Rural Development and Natural Resource Management there is a strong consensus that action is needed by all partners to prevent a

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slide towards an extractive rural economy with reduced access to land for smallholders, a rapid outflow of young people, wildlife and forest products, and a consequent erosion of natural capital, human resources and cultural identity. NGOs are convinced that poverty alleviation can best be achieved by taking steps to secure and enhance the rights and resources of rural people. Suitable approaches and methods have already been developed and tested by Government Departments and their partners, many of which are described in the sourcebook on 'Improving Livelihoods in the Uplands of the Lao PDR', published in the past year. What is now required is wider application of these pro-poor approaches, rather than the uncontrolled expansion of large-scale agribusiness.

NGOs in the UXO sector would like to highlight the following issues;

Firstly, the use of Battlefield Area Clearance techniques instead of the anti-personnel mine metal-free approach will speed up reclaiming contaminated land but due consideration must be given to the residual risk before this becomes a viable alternative. Continuing to target areas where the socio-economic impact will be greatest and where benefits will reach the poorest communities is also a priority.

Second, we must engage with all actors involved in scrap metal trade, parallel to the intervention of Community Awareness and Risk Education agencies.

Third, dialogue between GOL and the international community on the OTTAWA treaty should be a priority and for the GOL to continue consideration of the ratification of Protocol V on Explosive Remnants of War (ERW) would be extremely desirable.

Finally, the NRA has now nearly its full compliment of international technical assistance. Both the GOL and UNDP must ensure that this will result in a steady enhancement of capacity, enabling the National Regulatory Authority (NRA) to fully implement its mandate.

The Governance Sector is at the core of all development activities and good governance is vital for poverty reduction. It is crucial that Government, Civil Society and Private actors work together in order to ensure that development is responsive to the needs of the people, and particularly the poorest and most vulnerable. All three parties have to ensure that this happens in an accountable and transparent way. In particular, NGOs see a need for;

1. Improving multi-stakeholder processes and people's participation
2. Improving the claim making power of citizens by supporting civil society
3. Improving the capacities of the government to be responsive, accountable and transparent

Thank you very much for your kind attention, we hope you will take the time to read the full sector statements attached to your copy of this speech. INGOs working in Lao PDR look forward to further discussion and collaboration on these issues.

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Joint Statement for the Ninth Round Table Meeting
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Created and Endorsed by the Informal INGO Network:

Member	Country Representative
1 Action Contre le Faim (ACF)	Mr Laurent Romagny
2 Action for Lao Children ALC	Mr Mingkhouankham Sisavath
3 ADRA	Mr Denison Grellman
4 AFESIP	Dr Didier Bertrand
5 Aide et Action	Mr Ounheuane Saphakdy
6 APHEDA Union Aid Abroad	Mr Khamphasong Sihalath
7 Association for Aid and Relief (AAR)	Mr Noriyasu Okayama
8 Australian Business Volunteers	Mr Somchit Siri
9 Australian Red Cross	Ms Katica Dias
10 Burnett Institute	Ms Niramomh Chanlivong
11 CARE International	Mr Frank Reimann
12 Church World Service	Mr Skip Dangers
13 CIDSE	Mr Cor Hanssen
14 Concern Worldwide	Mr Phillip Miller
15 CRS	Ms Anne Mclaughlin
16 CRWRC	Mr Bram Van Grootheest
17 CUSO	Ms Jennifer Cameron
18 Damien Foundation	Mr Vatthana Nanthana
19 Danish Red Cross	Mr Niels Juel
20 Fondation Suisse de Deminage FSD	Mr Tony Fish
21 French Red Cross	Mr David Boisson
22 GAPE	Mr Ian Baird
23 German Agro Action	Mr Andreas Von Ramdohr
24 GRET	Mr Frederic Naulet
25 Health Frontiers	Dr Cindy Chu
26 Health Unlimited	Ms Susan Claro
27 Helvetas	Mr Ruedi Luethi
28 HI Belgium	Mr Luc Delneuville
29 HI France \ Action Nord Sud	Mr Niels Morel
30 IV Japan	Ms Sachiko Taminaga
31 Japan International Volunteer Centre	Mr Masahiro Kagawa
32 Lao Irri	Mr Gary Jahn
33 MAG	Ms Jo Durham
34 Médecins Sans Frontières	Ms Marie Deblaise
35 Mennonite Central Committee	Mr Arthur Mann
36 Netherlands Red Cross	Ms Melanie Miltenburg
37 Norwegian Church Aid	Ms Margrethe Volden
38 Norwegian People's Aid	Mr Olivier Baudin
39 Oxfam Australia/CAA	Mr Khamlouang Keoka
40 Oxfam Solidarity Belgium	Mr Bong Munsayaphom
41 Pestalozzi Children's Foundation	Mr Visiene Xayasensouk
42 Plan International	Mr Terence McCaughan
43 Population Services International	Mr John Hetherington

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44	Quaker Service in Laos	Ms Jacquelyn Chagnon
45	Room to Read	Ms Somphet Phongphachanh
46	Save the Children Australia	Mr Leigh Vickery
47	Save the Children Norway	Mr Julian Kramer
48	Service Fraternel d'Entraide	Dr Phillippe Schmidt
49	Shanti Volunteer Association	Ms Masako Yoneoka
50	SNV	Ms Cecilia Keizer
51	Triangle Generation Humanitaire	Mr Gregory Angellier
52	VECO	Mr Stuart Ling
53	Village Focus International	Mr Rick Reece
54	Wildlife Conservation Society	Mr Michael Hedemark
55	World Concern	Mr Rob Kelly
56	World Education/Consortium	Mr Martin Dunn
57	World Vision	Mr Stephen Rozario
58	World Wide Fund for Nature	Mr Roland Eve

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Ninth Round Table Meeting
“Partnership for Development Results”
Vientiane, 28-29 November 2006

Statement by
Mr. Tsukasa Kimoto, Senior Advisor
FAO Representation in the Lao PDR

Excellencies
Distinguished Guests
Ladies and Gentlemen

At the outset, on behalf of the Director-General of the Food and Agriculture Organization of the United Nations (FAO), I wish to express our appreciation to the Government of the Lao PDR for the kind invitation for FAO to participate in this important Round Table Meeting.

We appreciate the particular importance which the Government of the Lao PDR attaches to the present Ninth Round Table Meeting, during which the Sixth Five Year National Socio-Economic Development Plan (2006-2010) is presented. It is my honor to extend to the Government of the Lao PDR FAO's congratulations for the high quality of the Sixth National Socio-Economic Development Plan. We are pleased to share the assessments, visions, plans and strategies enshrined in this document as a whole and, in particular, those concerning the sectors and fields of relevance to the mandate of FAO.

FAO is pleased to continue supporting the Government's efforts in meeting the targets set forth by the World Food Summit and the Millennium Development Goals, by progressively transforming the present subsistence agriculture into a market-oriented competitive agriculture, with a view to achieving greater food security not only nationally but also at the household level. In this respect, FAO is pleased to continue working with the relevant authorities in applying innovative approaches, including the community-based participatory farming practice, greater diversification and intensification, as introduced in the Special Programme for Food Security.

While we support the focus on the efforts on agricultural crop production, we also support the emphasis given in the new Socio-Economic Development Plan on the development of the forestry, livestock and fisheries sectors, as these provide significant development opportunities for the concerned stakeholders. In this regards, FAO is pleased to continue giving due attention and assistance to the control of plant, fish and animal diseases, including Avian Influenza.

The implementation of the Plan as regards agriculture is anticipated to require 16 percent of the total resources required for the Plan as a whole. This will in turn require a detailed plan of action for its cost-effective and result-oriented implementation. In this regards, FAO is

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pleased to support the Directive for the Sixth Five Year Agro-Forestry Development Plan (2006-2010) of the Ministry of Agriculture and Forestry (MAF). Similarly, FAO in working closely with MAF and other relevant authorities, as well as with other concerned partners, intends to formulate a National Medium-term Priority Framework of FAO in the Lao PDR, which will be a succinct document, indicating FAO's priority actions and programmes for the next five years, aimed at cost-effective assistance to the implementation of the relevant focuses of the National Socio-Economic Development Plan and the United Nations Development Assistance Framework (UNDAF) 2007-2011.

The UNDAF, which I have just referred to, is a joint strategic document of the Government and of the UN system organizations in the Lao PDR, broadly setting forth the jointly-agreed targets and strategies for the UN system assistance for the next five years. FAO is fully committed to the spirit and targets of this document. As indicated in the UNDAF, FAO is committed to mobilize some \$8.2 million for the next five years, of which \$2.2 million is planned for disbursement in 2007.

Finally, FAO is pleased to fully support the Joint Statement on Aid Effectiveness in the Lao PDR, which has been finalized for the adoption during the present Round Table Meeting. In this respect, I wish to emphasize that it is FAO's firm commitment to pursue greater partnerships with interested partners, not only those of the Government but also bilateral and multilateral donors, UN sister agencies and NGOs, in identifying and implementing the relevant activities in the fields of common interest. In this context, FAO is pleased to support the establishment and the work of the Sub-Sector Working Group on Food Security as a useful mechanism for consultation and coordination. In view of these, FAO looks forward to opportunities for closely working with the relevant authorities of the Government and concerned partners and stakeholders in contributing to the successful implementation of the National Socio-Economic Development Plan and other supporting sectoral plans of action and strategies.

Thank you for your attention.

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Ninth Roundtable Meeting: Partnership for Development Results 28-29 November 2006 Vientiane

A statement from CIAT

(Centro Internacional de Agricultura Tropical – International Center for Tropical Agriculture)

The International Center for Tropical Agriculture, known by the acronym of its name in Spanish, CIAT, is a not-for-profit international research for development institute with the mission “To reduce hunger and poverty in the tropics through collaborative research that improves agricultural productivity”. With such a mission, the activities of CIAT are very much in line with the impressive and ambitious aims outlined for rural development in the Sixth National Socio Economic Development Plan.

CIAT works across all parts of the tropical world, with 15 to 20% of our current operations in Asia, primarily in Southeast and East Asia. Our activities in Asia are coordinated from our Regional Office based in Vientiane and I would like to take this opportunity to express our gratitude, once again, to the government of the Lao PDR for hosting our regional office.

CIAT has worked in Southeast and East Asia for more than 20 years and in the Lao PDR for more than 10 years. The work in the Lao PDR has focussed on appropriate technology development and capacity building approaches aimed at improving livestock production systems, improving the production and utilisation of cassava, creating agroenterprise opportunities through active linkages from farmers to markets and markets to farmers, improving land use planning and risk management, and improving aspects of governance for rural development. All of this work has been conducted as collaborative work with Lao government institutions, primarily, but not exclusively, from the Ministry of Agriculture and Forestry, as well as with other development partners, projects, and International NGOs. A methodological focus on participatory approaches and a geographic focus on the upland areas have been central to all of this work. The donors that have supported or continue to support this work include the Asian Development Bank (ADB), Australia, Austria, the International Fund for Agricultural Development (IFAD), Japan, and Switzerland, for which we express our gratitude.

We are confident that all of the activities in which we are involved at present fit well with the plans for rural development in the Sixth National Socio Economic Development Plan, and the same can be said for most of the specific areas of expansion we have planned. These planned areas of expansion include land use planning and market identification for high value agricultural products, improving linkages between smallholder producers and agro-industry, improved aquaculture feeding strategies, and improvements in biofuel production, specifically producing ethanol from cassava.

While there continues to be interest from the government of the Lao PDR, from donors, and from other development partners, CIAT is committed to continuing, and in fact expanding, our activities in the Lao PDR and the region aimed at reducing hunger and poverty while maintaining or improving the natural resource base. We look forward to collaborating with the government of the Lao PDR to identify specific activities that will make progress towards achieving the ambitious goals in rural development outlined in the Sixth National Socio Economic Development Plan.

2. Press Release

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Press Release

Roundtable Meeting 9
Partnership for Development Results

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Don Chanh Palace, Vientiane Lao PDR

On November 28, 2006, the 9th Roundtable Meeting was officially held at the Don Chanh Palace in Vientiane and chaired by H.E Dr Thongloun Sisoulith, Deputy Prime Minister and Minister of Foreign Affairs, Vice Chairman of the National Steering Committee for the Roundtable Process, MDGs and NGPES. The meeting was co-chaired by Dr Hafiz Pasha, Assistant Administrator and Director of the Regional Bureau for Asia and the Pacific, UNDP. The meeting was attended by more than 250 people. The meeting was officially opened by H.E Mr. Bouasone Bouphavanh, Prime Minister of Lao PDR and Chairman of the National Steering Committee for the Roundtable Process, MDGs and NGPES.

Speaking at the official opening ceremony, H.E Mr. Bouasone Bouphavanh, expressed thanks and gratitude to all friendly countries, International Financial Institutions and International Organisations for their all form of support to Lao PDR during the past period. He said that since the last 8th Round Table Meeting held in August, 2003, the Government of the Lao PDR has received about US\$ 1,353,48 million of the assistance from friendly countries and international organisations, in which about US\$ 669,28 million is grant and US\$ 484,20 million is soft loan.

We have used these funds together with domestic resources to implement the annual social-economic development plans, particularly, to implement the fifth five- year plan on social-economic development with key results reflecting in the GDP growth rate on an average of 7.5 percent in 2005-2006, the income per capita is US\$ 500, the opium plantation areas have been eradicated, the slash and burn cultivation areas has reduced by 7,000ha and to remain 22,400 ha and the others indicators on the social-economic development level has already indicated the sustainable development level of Lao PDR.

On the other hand, the Lao PDR has achieved a number of progresses to make the country more democratic society and rule by law. In addition, the Lao PDR has implemented its obligation as a member of international community and has actively worked to contribute to the regional and international affairs.

All conditions mentioned above will create a fundamental base for the Lao PDR to keep its stability on political and social-economic development, which are the good conditions to attract more foreign investment and become the strong base to support the growing of the country.

Prime Minister Bouasone Bouphavanh added that together with the implementation of the Fifth five- year social-economic development plan, the Government of Laos has also studied and prepared to draft the 6th five-year social-economic development plan (2006-2010) through the participatory process and adoption by the National Assembly. In order to ensure the implementation of the plan, the Government of Laos has determined 11 programs and 111 projects.

The Sixth National Socio Economic Development Plan will play a vital role in achieving the overall targets outlined in the Socio-Economic Development Strategy (2001-

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2010) approved by the 8th Party Congress in 2006. The Sixth Plan is considered to be a break-through plan for creating the strong foundation to boost the nation's status in the regional and international arena. It also substantially incorporates the National Growth and Poverty Eradication Strategy and its goals coincide with the MDGs and those in the Brussels Programme of Action for Least Developed Countries. In this plan, the Government of the Lao PDR will also firstly concentrate on the rural integrated development projects to eradicate the poverty; promote the private sector and to develop the trade as larger as possible and to use the ODA more effectively and efficiently based on the Paris Declaration on Aid Effectiveness.

The overall directions for the Sixth Plan include transforming the multi-sectoral economy from uneven performance to fast and stable development within the market mechanisms guided by the State. The main focus areas are: promoting economic development, with human development as a key vehicle; utilizing comparative advantages to develop the country based on the sustainable development, long term and high effective directions; resources balances with the principle and target between the economic growth, social development and environmental protection. The main objective of addressing social issues are poverty and help keep the socio-political situation stable.

He continued that all achievements in the social-economic development made by us in the past cannot success without the material and moral support and assistance from the international community. On this occasion, I would like to take this opportunity on behalf of the Lao Government and people to express our thanks and gratitude to all friendly countries and International Organisations for their all form of support to Lao PDR during the past period.

However, to ensure the implementation of the of National Strategy to leave the country from Least Developed Countries list by 2020 and to serve the process of industrialization and modernization, the implementation of the sixth five year plan (2006-2010) is a significant work to complete.

The other important challenge to ensure the 6th five year plan implementation is a good and appropriate plans including plan of budget and human resource to be the key vehicle for implementing the plan successfully.

Prime Minister Bouasone Bouphavanh concluded that all achievements made by us are very pleased but we still realize that a number of difficulties are still a head of us to solve. These include education of people for ownership is not strong ; the human resource development is implemented below target ; the elaborate of the national programme to the priority projects are still slowly and do not response to appropriate needs ; the applying the high technology and modern equipments in the production and improving the living condition is still slow . In addition, the co-ordination, and monitoring works are not strengthened and need to be improved in the future.

Dr Hafiz Pasha, UN Assistant Secretary General, UNDP Regional Director for Asia and the Pacific said that last Round Table Meeting was very much focused on a review of the government's poverty reduction strategy and plan, and how best to further reduce poverty and achieve the Millennium Development Goals. Most important have been the results achieved. Since the last Round Table Meeting, the publication of the third Lao Expenditure and Consumption Survey (LECS 3) confirmed that poverty had declined to 33.5% in 2002/2003 down from 39% in 1997/98 and 46% in 1992/93.

Also notable, these achievements were underpinned by a further consolidation of macro-economic and financial stability, steady increases in GDP growth averaging near 7%, renewed strength in the kip exchange rate and a declining inflation rate which is reportedly now well under 10%, said Dr Hafiz Pasha.

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Looking forward, however, much remains to be done. Poverty remains widespread, especially in rural areas where poverty is still in the order of 38%, and even higher in more remote areas of the country. The National Socio-Economic Development Plan aims to reduce poverty to less than 15% by 2010. This will clearly require much greater focus on rural areas where the vast majority of Lao people still live and work, added by Dr Hafiz Pasha.

Dr. Hafiz Pasha continued that many of you will also recall that the last Round Table Meeting strongly concluded that the private sector would need to become the “*engine of growth and poverty reduction*”. Here again we have seen progress.

He added the further development of a competitive job-creating private sector will also be a critical ingredient to ensuring success as Lao PDR continues to integrate more deeply into the regional and global economies. Especially notable here has been the continued decline in tariffs within AFTA, the establishment of Normal Trade Relations (NTR) with the US in November 2004 bringing into effect the US Bilateral Trade Agreement, and ongoing preparations for accession to WTO.

Dr Hafiz Pasha also mentioned that dialogue has become more open and participation of various stakeholders in the development dialogue has been significantly widened. As noted by His Excellency the Prime Minister, for the first time the drafting of the National Socio-Economic Development Plan for 2006-2010 involved open consultations with international development partners as well as with the domestic and foreign business sectors. This has helped greatly enrich the new five-year development plan.

He concluded that the ideal outcome for this Round Table Meeting would include renewed strong support from all development partners for the effective implementation of the National Socio-Economic Development Plan 2006-2010 for which you have all worked so hard throughout the consultation and drafting process under Government leadership and a strong commitment by all development partners to collectively endorse and effectively implement in the coming months and years the Vientiane Declaration on Aid Effectiveness.

During the meeting there will be the announcement of support by development partners, approval and signing of the Vientiane Declaration on Aid Effectiveness.

This meeting will proceed one and half day and will be closed in the afternoon of November 29, 2006.