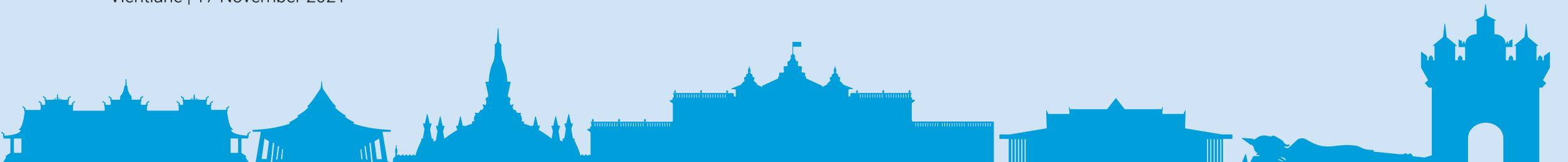




**13TH HIGH-LEVEL
ROUND TABLE MEETING**

Vientiane | 17 November 2021



COVID-19 Recovery Framework High-level Consultation

High-Level Round Table Side-event, 15th November 2021

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**Financing for Sustainable
Development and Effective
Development Cooperation
(Macro-fiscal Framework)**



Key Impact of COVID-19

- Exacerbation of long-standing structural vulnerabilities
- Slow down of economic growth and reversed past development gains
- Despite reforms, domestic revenue dropped sharply, worsening the fiscal situation
- Public sector debt increased to 72 per cent of GDP in 2020
- Public financial management framework needs improvement
- Foreign reserve buffers remain inadequate and the banking sector is under pressure

Recommendations (1/2)

No	Recommendation / Action	Period	Implementing Entity
1	Debt Management and Transparency: (1) Limit/stop non-concessional borrowing, (2) debt restructuring, (3) accelerate restructuring and privatization of SOEs and develop and (4) implement a debt management strategy, (5) ensure sustainable debt financing through the local currency (LCY) bond market.	2021-2025	MOF: EFCD, SOE Dept, MPI: DOP
2	Debt Management and Transparency: (1) Develop a clear legal framework for on-lending, public guarantee and contingent liabilities, (2) carefully assess lending and guarantees to SOE investment projects, (3) deepen domestic capital markets.	2022-2025	FPLD, EFCD, BOL
3	Fiscal Sustainability: (1) Improve monitoring and management of large taxpayers as well as expand coverage, (2) enhance audit and enforcement, (3) conduct a tax expenditure study and carefully assess public infrastructure projects.	2021-2025	EFCD, DOP, MoF, TD, BD, FPLD, MPI

Recommendations (2/2)

No	Recommendation / Action	Period	Implementing Entity
4	Fiscal Sustainability: (1) Streamline and limit fiscal incentives and concessions for large investment projects, (2) develop capacity to forecast revenues effectively, (3) enforce the procurement law (4) align the expenditure with resources available.	2022-2025	MoF, FPLD, DOP, PMO
5	Financial Sector Stability: (1) Increase FOREX liquidity and reserve buffers, (2) increase FOREX liquidity and reserve buffers, (3) intensify monitoring of commercial bank performance, (4) unwind forbearance policies in a prudent manner.	2022-2025	MOIC, MPI, BOL MOF, BSD, all relevant ministries
6	Financial Sector Stability: (1) Adopting risk-based supervision, transit to the Basel II capital framework, (2) establish an early warning system for banking supervision, (3) strengthening operational and financial capacity in the deposit insurance scheme, (4) developing a crisis management framework.	2022-2025	BSD, DPO



Trade and Private Sector, Value Chains, and Tourism

Key Impact of COVID-19

- Trade and exports were less affected compared to other LDCs
- Women are at risk of suffering more than men from trade disruption
- Several short-term risks including containment measures, insufficient production and distribution of vaccines
- Widespread employment disruptions and sector specific challenges, e.g. tourism, handicraft and garments
- Global flows of foreign direct investment have been severely affected
- Accelerated uptake of digital technologies/e-commerce but mixed performance and potential remains unexploited

Recommendations (1/2)

No	Recommendation / Action	Period	Implementing Entity
1	Improving the business and investment environment including enhancing the public-private dialogues and partnerships as well as strengthening institutional coordination to streamline investment approvals and operating licenses.	2021-2023	MPI, MoIC, MoF, other line ministries, chambers of commerce
2	Fostering regional economic integration and related aspects such as improved infrastructure connectivity and border controls, better regulatory framework, and implementing further trade facilitation measures.	2021-2025	MoFA, MoIC, MoF, MPWT, other line ministries
3	Providing economic relief to revive the tourism sector focusing on intensifying structured engagement between Government and private sector, deploying tourism support packages, providing businesses with liquidity, and implementing health protocols and a sound communication strategy.	2021-2025	MICT, MoLSW, MoES, BoL, MoH, chambers of commerce

Recommendations (2/2)

No	Recommendation / Action	Period	Implementing Entity
4	Supporting smallholder farmers in the context of COVID-19 focusing on risk awareness raising, strengthening local capacities of farmers to restore agriculture production and facilitating transformation towards resilient and sustainable food systems.	2021-2025	MAF, provincial authorities
5	Establishing a sound e-commerce policy framework through the elaboration of a digital maturity assessment and a national e-commerce strategy focusing on ICT infrastructure and services, trade facilitation, logistics and payment solutions.	2021-2025	MoTC, MoIC, BoL
6	Providing special support systems and empowering women who are particularly affected by COVID-19 due to job loss or other impacts by employability programmes and offering new business opportunities, e.g. e-commerce in handicraft.	2021-2025	MoIC, MoLSW, other line ministries, chambers of commerce



Managing Changes and Enhancing Policy Preparedness for Decent Work

Key Impact of COVID-19

- Many people are affected by job losses
- Threat of increasing poverty rates
- Private sector was heavily affected by the crisis
- Substantial decline of remittances
- More challenges for migrants and women
- Limited commitments to national and international labour standards and law as well as lacking social protection measures

Recommendations (1/2)

No	Recommendation / Action	Period	Implementing Entity
1	Strengthening social dialogue on reopening businesses , development and enforcement of national policies and legislation on wage, labour and migration governance, integrated border management , in line with international labour standards and good practices.	2021-2025	MoLSW, LNCCI, LFTU, LWU
2	Strengthening and broadening inclusive shock responsive social protection system , continuation of essential services , with focus on vulnerable population and people at risk of exploitation.	2021-2025	MPI, MoLW, MoF, MoH, MoAF, MoES, MoHA, LNCCI, LFTU, LWU, MoPS, OSPP
3	Promoting and strengthening public-private partnership on digital skills, re-skilling and upskilling, employment services and labour market information system for employment.	2021-2025	MoLSW, MoES, LYU, LWU, LNCCI, LFTU, TVET, Skill Dev Institutions

Recommendations (2/2)

No	Recommendation / Action	Period	Implementing Entity
4	Strengthening the implementation of the national rural employment promotion strategy for food security and income generation that facilitates greater access to formal and decent employment and climate change resilience .	2021-2025	MPI, MoLW, MoIC, MoAF, LNCCI, LFTU, LWU
5	Strengthening linkage of investment, trade and industrial policies and regulations to labour and employment policies to maximize spill-over effect of investments to local SMEs promotion, employment, migration and resource transfer .	2021-2025	MPI, MoLW, MoIC, MoAF, LNCCI, LFTU, LWU, MoPS
6	Inform response and recovery efforts by tracking the impact of COVID-19 on mobility and people on the move and strengthen evidence-based decision-making through data .	2021-2025	MoLSW, MPI, MOPS MOF, BOL, MoIC, LNCCI, LFTU



Human Capital

Key Impact of COVID-19



Socio-economic challenges

Increasing socio-economic challenges especially for vulnerable groups

Budget cuts with direct impacts on health and education sectors



Disrupted education systems

Schools and educational institutions closed, reversal of trends for enrolment and dropouts, learning performance

Irreversible learning loss across all levels, with lifelong impact on wellbeing, lower lifetime earnings, esp. for most marginalized



Disrupted health services

Health services overstretched with response to the pandemic including COVID-19 vaccination whilst continuing to deliver essential health services

Negatively impact people's mental health and wellbeing



Disrupted nutrition provision

Drop-in coverage and use of nutrition services

Increased food insecurity due to disruptions in the supply chain

Households consuming less food and unhealthy diets



Social protection challenges

Massive job and income losses, increased poverty rates, limited fiscal space for social protection

Recommendations: Short-term

No	Recommendation / Action	Period	Implementing Entity
1	<p>Education: (1) Safe reopening of schools and mitigate learning losses, (2) safeguard education budget, (3) address learning loss and support vulnerable groups to address lower enrolments and higher drop outs, (4) continue the development of a new national primary curriculum, teaching-learning materials, (5) Promoting digital skills and literacy and 21st century skills in basic education, TVET, and higher education, (6) plan teacher availability and access to teachers based on needs and per the demographic projections.</p>	2021-2025	MoES, NUoL, TVET institutions
2	<p>Health including RMNCAH and Nutrition: (1) Build resilience of health systems to respond to COVID-19 pandemic and for the future, including mental health and psychosocial support, (2) strengthen primary health care, (3) prioritize essential health service packages especially RMNCAH, (4) strengthen the capacity for treatment of acute malnutrition, (5) scale up BMS monitoring of retailers, (6) scale up remote care and telehealth approaches.</p>	2021-2025	MoH, DHHP (CN), DHR, FDD, MoLSW, MoES, NUoL, LYU, LWU
3	<p>Gender Equity: (1) Investments in the female workforce for equity, a Gender Equality Plan and ERAW plans and SRH/FP, (2) reduce disparities in sectors where women and girls are left behind, (3) improve access to social security, childcare, maternity leave (4) consistently use sex disaggregated data</p>	2021-2025	MPI, MoH, MoES, MoLSW, LWU, MoICT, private sector

Recommendation: Medium Term

No	Recommendation / Action	Period	Implementing Entity
4	Education: (1) enhancing early child development, school readiness, reducing drop-out rate, and ensuring education quality and efficiency, (2) sustaining investments in the pre-service and in service professional development of teachers, (3) addressing quality of and high internet costs.	2023-2025	MoES, NUoL
5	Health & Nutrition: (1) Ensure uninterrupted supply chain to maintain essential health services (EHS) including nutrition and family planning interventions, (2) build capacity of healthcare workers to respond to public health emergencies effectively while sustaining EHS and improve quality and resilience especially at primary health care level, (3) strengthen sustainable health finance system, while ensuring equitable access to healthcare and financial protection, (4) ensure inclusion of breastfeeding counselling and development of virtual breastfeeding /infant feeding counselling service in relevant health workers scope of work.	2022-2025	MoH, NC (DHHP), FDD



05

Green Growth, Resilience, and Risk Management

Key Impact of COVID-19

- Public finances remain under stress and high public debt
- Vulnerable groups living in remote areas are facing challenges such as decline in income and food security
- Investing in green growth, resilience and risk management will require substantial financial resources
- Important to mobilise private sector investment, particularly for green growth and green job creation
- Green growth, resilience building and risk management as key development goals

Recommendations (1/2)

No	Recommendation / Action	Period	Implementing Entity
1	Green growth: Aim for a low carbon economy; accelerate clean energy transition; promote green bonds for renewable energy; promote green budgeting and expenditure tagging; promote sustainable waste management; encourage green infrastructure and transitioning of industry; explore sources of green finance for MSMEs.	2021-2025	MOIC, MOF, MONRE, MAF, MPWT, LNCCI
2	Resilience building: Invest in local communities to protect ecosystems, biodiversity and wildlife; empower women and build community resilience to disaster risks and climate change; strengthen private sector resilience; invest in resilient infrastructure and supply chains; promote climate-resilient and sustainable agriculture and nature-based solutions.	2021-2025	MONRE, MAF, MAF, MOIC, MLSW, MPWT

Recommendations (2/2)

No	Recommendation / Action	Period	Implementing Entity
3	Risk management: Promote disaster risk financing; access climate finance; strengthen and mainstream DRR and climate resilience across ministries and sectors; use data to better determine risk; implement measures to reduce air pollution and improve air quality; support new national DRR policy and build capacities for disaster-responsive social protection and agriculture; improve fiscal risk management.	2021-2025	MLSW. MONRE



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THANK YOU!