



The Smooth Transition Strategy for LDC Graduation of Lao PDR

by

H.E. Mr. Phoxay Khaykhamphithoune,

Vice Minister, Ministry of Foreign Affairs,

Acting Vice Chair of the National Steering Committee
for the Implementation of the UN Programme of Action for LDCs

2022 Round Table Implementation Meeting

26 January 2023



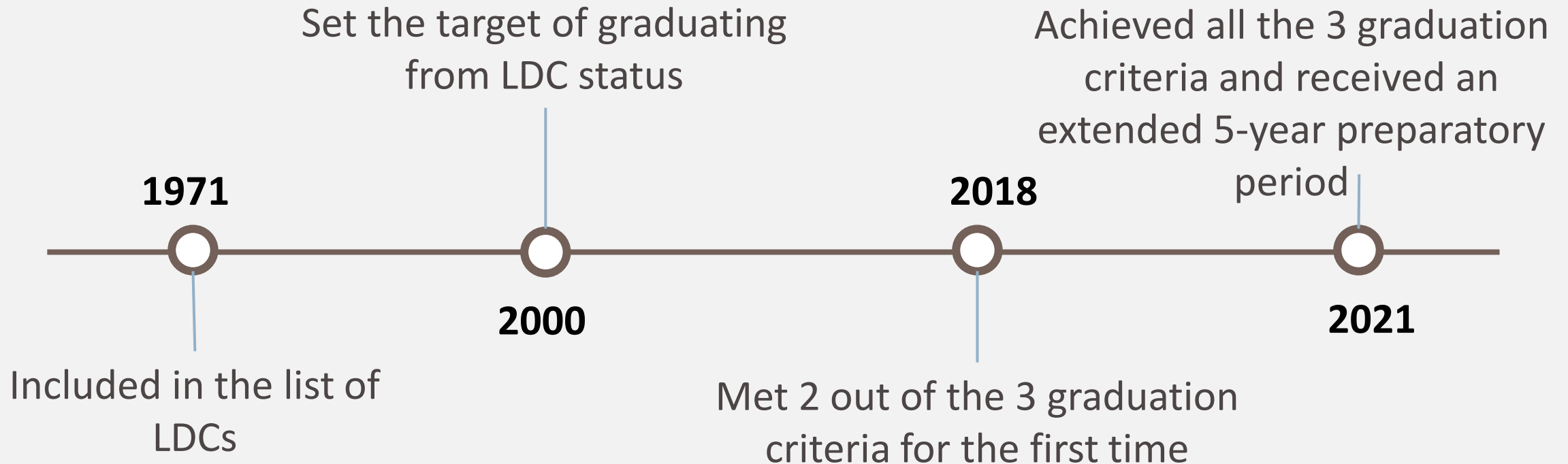
Content

I. Review on the progress of the Lao PDR's LDC graduation;

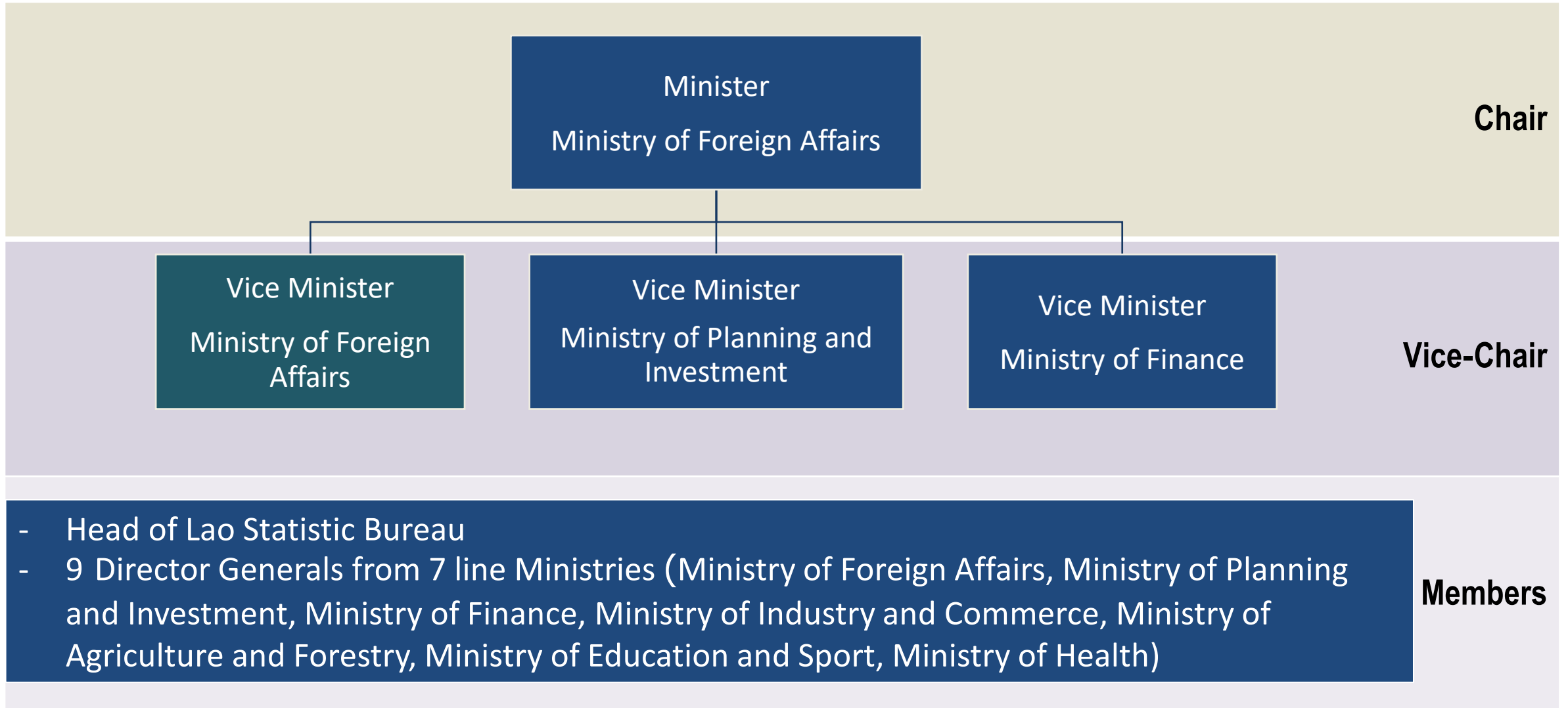
II. Progress on the development process of the Lao PDR's Smooth Transition Strategy (STS) for LDC graduation;

III. Challenges and ways forward for the Lao PDR's STS development process.

I. Review on the progress of the Lao PDR's LDC graduation



The National Steering Committee for the Implementation of the UN Programme of Action for LDCs



2021 Triennial Review



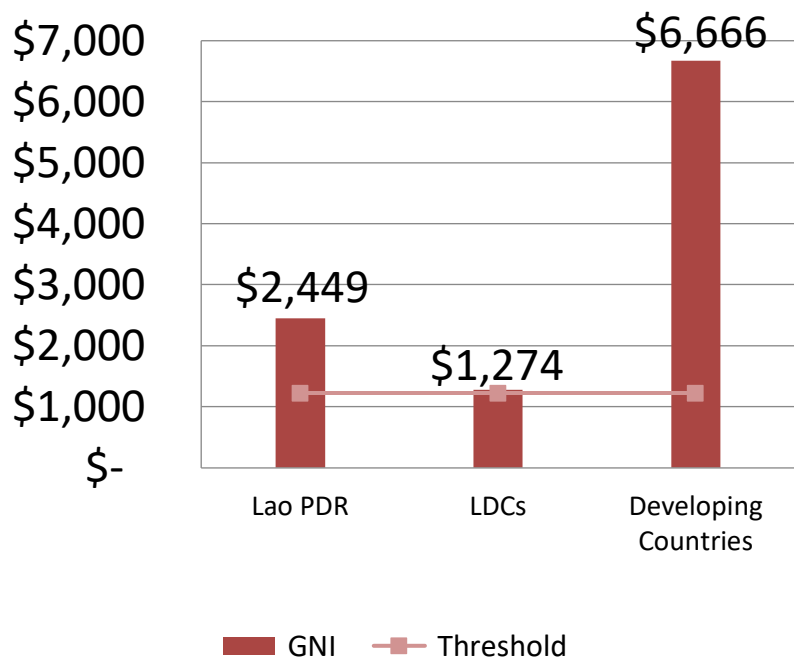
- GNI \$ 2,449
- Threshold > \$ 1,222

- HAI 72.8
- Threshold > 66.0

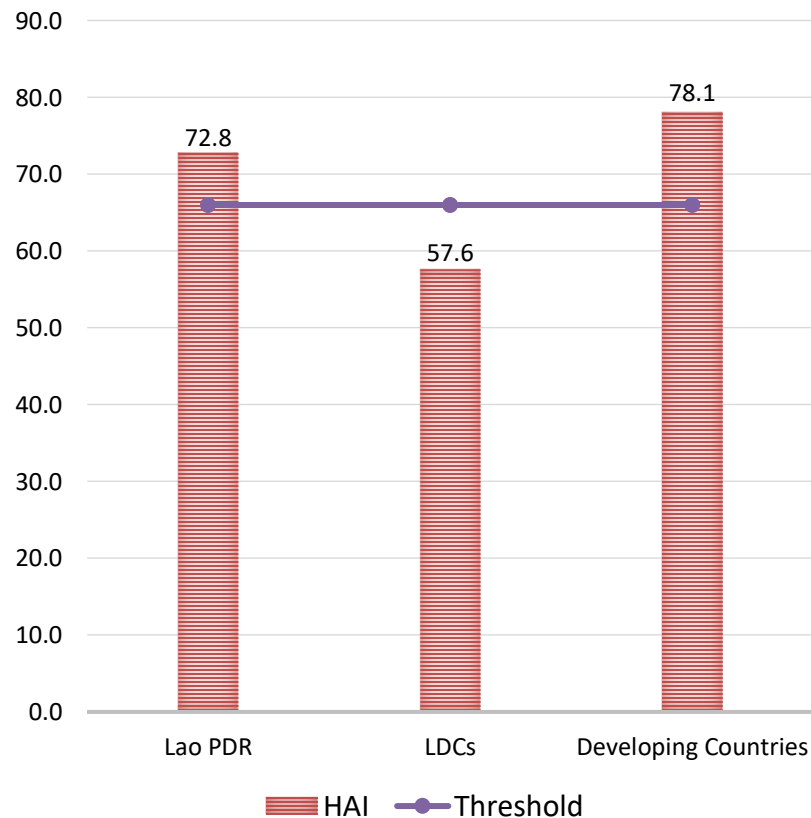
- EVI 27.0
- Threshold < 32.0



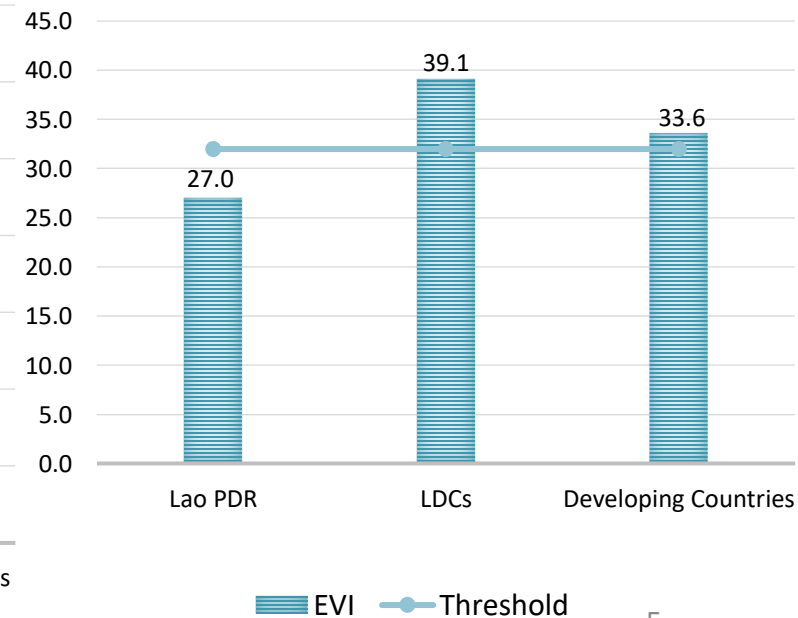
Gross National Income (GNI) per capita



Human Asset Index (HAI)




Economic And Environmental Vulnerability Index (EVI)



The Adoption of the UN General Assembly resolution on Lao PDR's LDC Graduation



United Nations A/76/L.6/Rev.1

 **General Assembly** Distr.: Limited
11 November 2021

Original: English

Seventy-sixth session
Agenda item 9
Report of the Economic and Social Council

Guinea:* revised draft resolution

Graduation of Bangladesh, the Lao People's Democratic Republic and Nepal from the least developed country category

The General Assembly,

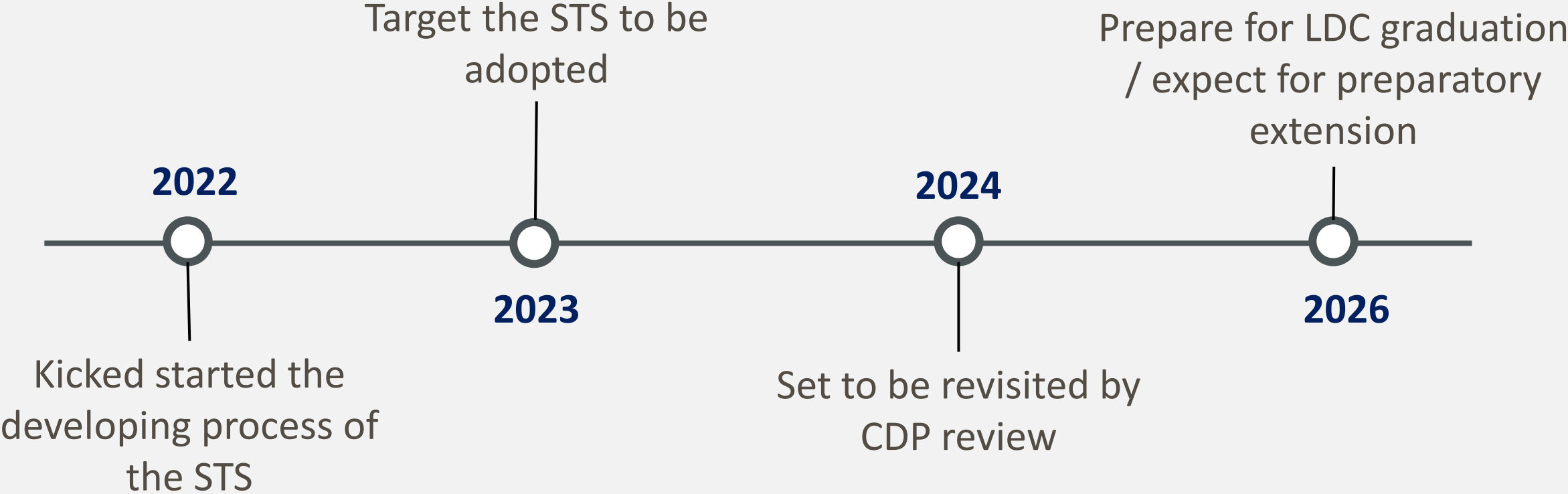
The resolution...

- **Takes note** of the endorsement by the Economic and Social Council of the recommendation of the Committee for Development Policy that Bangladesh, the **Lao PDR** and Nepal be graduated from the least developed country category;
- Also **takes note** that the Committee found that a **five-year preparatory period** would be necessary for the three countries recommended for graduation at the 2021 triennial review.....;
- **Takes note** that the Committee will analyze at its **2024 triennial review**.....;
- **Invites** Bangladesh, the **Lao PDR** and Nepal to **prepare**, during the five-year period between the adoption of the present resolution and their graduation from the least developed country category, their **national smooth transition strategy**, with the support of the United Nations system....





Overview of the upcoming process...



II. Progress on the development process of the Lao PDR's STS for LDC graduation



- Recalling the outcomes of the 13th Round Table Implementation Meeting in 2021;
- The Government has been developing a national Smooth Transition Strategy for LDC graduation in cooperation and with support of the UN system and development partners.

Purpose: The STS is developed to prepare Lao PDR for a **smooth, quality, sustainable, and irreversible graduation.**

Specific Objective: The STS will ensure that:

- Transition from LDC specific support does not disrupt the country's development pathway;
- Use of these support measures is optimized whilst still available; and
- Measures are put in place during the preparatory period to ensure the optimal position at the time of graduation.

1. Identify pathways of Graduation, e.g., the niche areas for targeted attention during the preparatory period.

2. Summarize existing information on the impacts of losing LDC-specific international support measures and identify and address any remaining information gaps

3. Identify the parameters that will require management, e.g., international political and legally binding commitments

4. Identify mitigation measures for specific significant impacts of graduation

5. Determine the most prioritized smooth transition measures, timelines, and responsibilities, under the leadership of the National Steering Committee for LDC



The Progress on the Development of the Smooth Transition Strategy (STS)

Principles of the STS Process

A whole-of-government approach

Enhanced participation from all stakeholders

1

Country-led and owned process

Integrated with the development priorities as in the NSEDP

2

Facilitated and utilized to the extent possible

Existing mechanisms

3

Country-demand driven development needs and priorities

International community support

4

The Progress on the Development of the Smooth Transition Strategy (STS)



1. Concept Note (Nov 2021)

2. Stakeholder mapping, LDC/SDG focal points meeting - discussions with line ministries and process highlights (June 2022)

3. South-South Exchange (August 2022)

4. Technical government workshop (Early September 2022)

5. Prioritization workshop (18th October 2022)

6. Write-shop (3-4 November 2022)

7. CDP report (13 November 2022)

8. RTIM (26 January 2023)

9. Detailed consultations with Ministries (Early Dec 2022 – Early Jan 2023)

10. Consultations with DP, UN and others (Early 2023)

12. CDP Review (Feb 2023)

13. STS Validation (Feb 2023)

14. DOHA conference on LDC (5-9 March 2023)

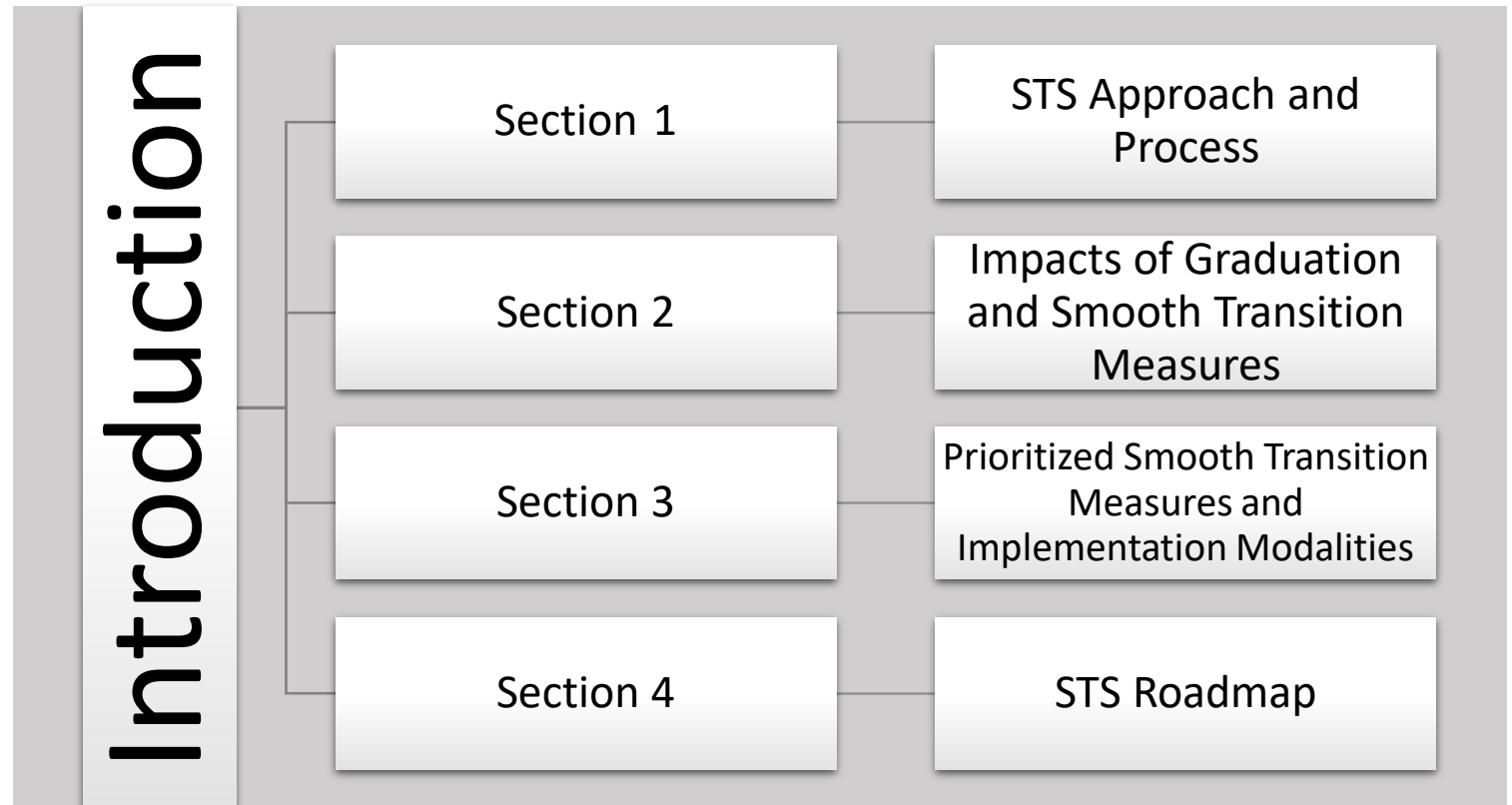
15. Propose for Adoption and Dissemination (March 2023)



Smooth Transition Strategy

GUIDANCE NOTE

Main Content of the STS



4 Thematic Areas of the Lao PDR's STS

9 Policy areas and 22 Actions



1.) Macroeconomic Stability and Financial Sustainability

- Macroeconomic stability;
- Safeguarding investments in human capital, environment and climate action;

2.) Trade and Investments

- Trade and FDI promotion;
- Business environment for inclusive growth;

3.) Human Capital Development and Structural Economic Transformation

- Human capital development and decent jobs;
- Rural development;
- Urban development;

4.) Climate change and disaster management

- Integrated and climate-resilient natural resources management;
- Climate resilience and disaster risk reduction.



STS Implementation Mechanism

Governance and Coordination



Ministry of Planning and Investment



Ministry of Finance



Ministry of Industry and Commerce



Ministry of Agriculture and Forestry



Ministry of Health



Ministry of Education and Sport



Ministry of Natural Resources and Environment



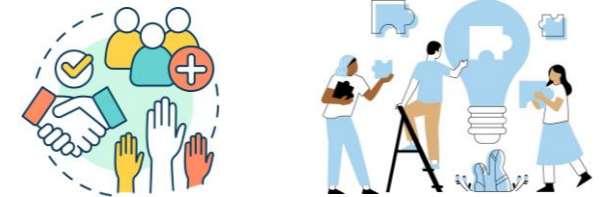
Ministry of Public Works and Transport

Monitoring

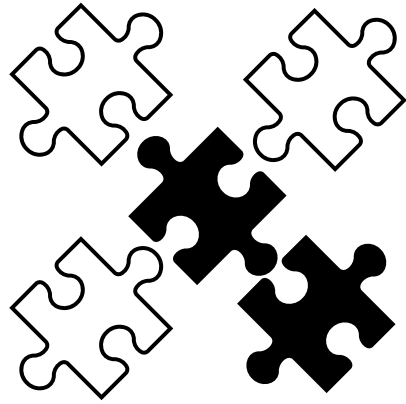


- Proposed to have a core set of 12 indicators – 3 per thematic pillars of the STS;
- Linked to the CDP monitoring framework.

Development Assistance



- Round Table Implementation Meeting (RTIM);
- UN Agencies, Funds, and Programmes (UN AFP);
- Development Partners (DP);
- UN Technology Bank;
- LDC Specific Fund.



III. Challenges and ways forward for the Lao PDR's STS development process.



Challenges

- The prolonged impacts from COVID-19 pandemic;
- The ongoing situation of economic and financial difficulties;
- Limited internal human resources and technical and expertise capacity;
- Challenges on mainstreaming and integrating sectoral priorities into the STS;
- Difficulty in prioritizing priorities of various national and sectoral frameworks for the STS;
- Lacked awareness for general public both from central and local levels;
- Shortage of budget and financial resource for practical implementation.



Way Forward for STS Process

- Continue a consultation with DPs and UN CT for additional inputs for the current draft STS;
- Finalize in the current draft STS in a validation workshop with all governmental stakeholders;
- Participate in the 5th UN Conference on LDC in Doha, Qatar, in March 2023;
- Integrate the STS into the outcome of the LDC 5 Conference;
- Propose for the adoption of the STS, tentatively by mid 2023;
- Disseminate and mobilize support from DPs and international community for the STS implementation;
- Report on the STS implementation to CDP;
- Convene an annual National Steering Committee for LDC with regards to the STS implementation.



Thank You