



ANNEX - Proceedings of the 2022 Round Table Implementation Meeting

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Prepared by
Department of International Cooperation
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Welcome and opening remarks

The 2022 RTIM was opened by H.E. Mr. Khamjane Vongphosy, Minister, Ministry of Planning and Investment. The Minister expressed an appreciation on behalf of Ministry of Planning and Investment, as well as the Government of Lao PDR, for the active engagement of all partners leading up to the 2022 Round Table Implementation Meeting (RTIM). His Excellency reiterated the importance of the RTIM and the honour

to chair this year's meeting by welcoming all participants from the National Assembly, government counterparts from the central, as well as 17 provincial, Planning and Investment Departments, Vice-Ministers of line Ministries, Development Partners, non-governmental organizations, the private sector and other stakeholders. The Minister specially expressed an appreciation and gratitude to the UN Resident Coordinator (as co-chair), UNDP, and USAID for their technical and financial support in ensuring the success of the 2022 RTIM.

By highlighting key agenda items for this year's RTIM, the Minister acknowledged the great efforts of the Government of Lao PDR, through the involvement of all ministries who have put extensive efforts into the implementation of the priorities set out in the 9th NSEDP, and the accompanying development targets endorsed by the National Assembly. Despite challenges and difficulties due to the impacts of COVID19, the ongoing global food-fuel-fertilizer and finance crisis, global and regional uncertainties and a number of natural disasters, the Government has maintained a positive trend in GDP growth rate - from 3.5% in 2021 to 4.4% in 2022. This is an important requirement for the country to enhance the living standards of the Lao people while maintaining political stability, peace and social order. Various achievements were detailed in the national report presented during the 4th Ordinary Session of the 9th National Assembly held in December 2022.

Together with the achievements made, the Minister reiterated that the Government of Lao PDR has acknowledged the concerns related to the current macro-economic situation which indicates a need to expedite reforms in various areas. Greater efforts are much needed to advance the progress of the 9th NSEDP, to sustain progress on human development, the advancement of the SDGs, and to gradually become resilient and able to respond to future shocks and uncertainties. From the lessons learned, the Minister stressed the need to improve the fiscal position and to strengthen the domestic capacity to address development challenges and the risks and uncertainties that the global economy and planetary pressures brings about.

In concluding His Excellency's remarks, the Minister stressed the importance of effective development cooperation. The Government of Lao PDR is committed to engage and seek active partnerships to move forward on the implementation of the 9th NSEDP priorities on transforming the economy, achieving green growth and human development. On behalf of the Government of Lao PDR, the Minister has encouraged all ministries, local and central government representatives, development partners, and all stakeholders presenting in the meeting to focus on constructive dialogue and discussions to stimulate new ideas to address these complex challenges through evidence-based decisions and well-informed information.

Ms. Sara Sekkenes, UN Resident Coordinator as Co-Chair of the 2022 RTIM expressed her honour to join Minister Khamjane Vonphosy in welcoming all participants. The Resident Coordinator expressed pleasure that many participants are able to gather in person after the unprecedented challenges unleashed by COVID-19.

The co-Chair also expressed thanks to USAID whose financial support made this meeting possible and UNDP for supporting the logistical preparations for this event.

The co-Chair recognized that the continuing impacts of the pandemic, the ongoing multiple crises of fuel, fertilizer, food, and a financial crunch have led to rapid increases in the cost of living. She shared the fact of the declined global Human Development Index. The co-chair also reported that farmers are under stress due to increased prices for agricultural inputs and an inflation rate climbing to a record 39% by end of 2022, up from only 6 percent a year ago and that Lao PDR is prone to storms, floods, landslides, and droughts due to the effects of climate change. The co-Chair stated that “these crises threaten to derail development progress and the achievement of our collectively defined sustainable development goals.”

Ms. Sekkenes suggested that Lao PDR and its development partners need to find ways to work together more effectively to support the Government’s development priorities towards a more sustainable and inclusive development pathway. This year, the meeting was under the theme of ‘Accelerating the implementation of the 9th NSEDP, SDGs, and achieving LDC graduation.’ The agenda has been designed to provide opportunities for dialogue and discussion on the 9th NSEDP and its subset of more specific frameworks to address the operationalization and prioritization of actions to help achieve LDC graduation and effective development cooperation according to the vision set out in the national plan. She reiterated that during the meeting of SWG Chairs and Co-Chairs in November last year, all stakeholders discussed and agreed on steps to strengthen the procedures and structures in place to manage development cooperation under the Round Table Process and better facilitate the successful implementation of the 9th NSEDP in light of lessons learned. She shared the conclusion of the recent Summit on Effective Development Cooperation held in Geneva in December, in which all participants underscored the need to apply the principles of effective development cooperation each and every day to ensure that the principles come alive: something that a declaration stops short of without active implementation.

Although the Vientiane Declaration Country Action Plan (VDCAP) remains as relevant as ever for the Lao national development agenda, as the context evolves, there is a need to review and revise how these are applied as well. The UN Resident Coordinator stated that as the central process for coordination across so many stakeholders, it is crucial that changes and updates to the process are done in an inclusive and transparent way, and the discussion during this session will be essential for determining how things proceed as we move ahead. She counted on the engagement of all participants to make the most productive use of this occasion.

Key presentations followed by statements and discussion

1. Presentation 1 - Achievements of the 9th National Socio-Economic Development Plan (NSEDP) for 2022 and plan for 2023

Presented by H.E. Mme. Phonevanh Outhavong, Vice Minister, Ministry of Planning and Investment. The contents focused on two main topics as follow:

Implementation of NSEDP in 2022:

- Implementation by outcomes
- Outstanding achievements, keys areas for improvement and lessons learnt

NSEDP for 2023:

- Overall direction
- Overall targets
- Priorities of key areas
- Implementation mechanism

(Please refer to Annex 2 for the slide presentation)

Summary of Statements and Discussion

1.1. Germany

Lao PDR has been very challenged by the impacts of COVID19, repercussions of Russia's invasion of Ukraine, as well as the effects of the economic and financial crisis the country is facing. Germany would like to make three points on the achievement of the 9th NSEDP for 2022 and the plan for 2023:

Outcome 4 of NSEDP : enhancing environmental protection, reduce disaster and risk reduction.

- It has been observed that the environment in Lao PDR is under high pressure.
- Green growth is essential for the country, but this does not necessarily lead to a trade-off between economic growth and the environment.
- Sustainable-driven and investment are the future as well as the source of growth and job opportunities.
- Although investments in infrastructure are seen as a potential source of growth and further income for the economy, Germany calls on the Government of Lao PDR to take environmental and social considerations into account, and for growth to be inclusive and not at the detriment of the environment.
- Germany encourages Lao PDR to abstain from further investments into the old economy, like high emission industries, such as coal-fire power plants, but rather to invest into future-orientated renewable energy sources.
- Germany stands ready to support the country, to advance sustainable and inclusive pathways of development.

Outcome 2 of NSEDP: Focuses on improved quality of human resources.

- The majority of the Lao population is employed in rural agriculture and skilled labour is scarce
- We encourage the private sector to assume ownership in the training of the Lao youth, and have a stronger role in providing technical and vocational education and training.
- Germany is supporting the quality of adult education both formal and non-formal to enhance quality human resources for the sustainable development of the country.

Outcome 3 of the NSEDP: Improved public governance and administration, as well as an equal and fair society.

- Germany can see the progress, for example, in the representative, legislative, and oversight functions of the National Assembly and provincial people's assemblies, such as on petition handling, public hearings, and consultation, oversight and regulation making.
- However, an inclusive economic growth needs the participation and inclusion of all members of society to reflect all needs and requirements.
- The civil society perspective broadens the basis for exchange, which is the precondition for an inclusive and sustainable development. This is what unleashes the full potential for Laos future generations.
- Therefore, Germany would like to encourage the Government of Laos to provide further entry points for exchange, discussion, and participation with all groups of society.

Finally, the roundtable process and SWG are important instruments to reflect and plan for the socio-economic development of the country. Therefore, Germany calls for earlier and better planning, commitment and capacities from the sector ministries to facilitate this process. Early information sharing with all stakeholders is a must to generate valuable inputs for the development of the country.

The Ambassador concluded by reiterating that Germany as a member of team Europe in Lao PDR stands ready to support the Lao people to overcome the current challenges and to build a better future.

1.2. Asian Development Bank

The Asian Development Bank and the World Bank Group would like to provide a joint statement on this important occasion of the 2022 RTIM. ADB and the World Bank prepared a set of recommendations, called a "Reform Roadmap," to further strengthen the National Agenda. "The Reform Roadmap" was presented at meetings of the macroeconomic working group and discussions on its recommendations will be continuing with the government, including the Bank of the Lao PDR. This reform roadmap proposes 37 actions, to be undertaken by the end of 2023 to ease macroeconomic vulnerabilities, which are categorized into five priority reform areas:

- First, in support of the government's revenue mobilization agenda, we identify that tax exemptions granted in the past are now depriving the budget of much needed revenues for funding essential spending on social services. Without addressing this issue, progress in critical areas, such as food security, climate change, and human development, will continue to lag.

- Second, in support of government’s agenda on the rule of law, there is a need to improve the governance of public investment and public-private partnerships, as inefficient investments and weaknesses in public procurement have contributed to the government’s liabilities.
- Third, in support of expenditure efficiency and debt management, there is a need to restructure public debt through concluding ongoing negotiations with bilateral creditors, including transparent communication of outcomes to markets, as prolonged high public debt levels undermine macroeconomic stability and constrain fiscal space.
- Fourth, to strengthen financial sector stability, it is crucial to better monitor vulnerabilities in the banking system and put in place mechanisms in case of need. Strengthening and deepening domestic financial markets, particularly through local currency bonds, can also boost resilience to shocks.
- Finally, it is important to continue the reform process of improving the operating environment for businesses, which would help with encouraging more investment and boosting exports to support economic recovery through creating more jobs, better jobs, and better livelihoods throughout the country.

ADB noted the greater commitment to the national agenda in the Government’s recently announced 2023 work plan and budget and believe that the “Reform Roadmap” would play a complementary role to the short-term actions presented in the 2023 work plan, by presenting a roadmap for broader governance and rule of law reform to improve public services delivery. The balance between short-term measures and medium- to-longer-reforms would send a positive signal to the private sector and investors. The ADB and the World Bank will stand alongside the Government and other development partners in this implementation.

1.3. UN (UNESCO)

Reflecting on the past year’s achievements in implementing the 9th NSEDP, the representative from UNESCO expressed his pleasure to join all colleagues with a complementary statement on behalf of the UN Country Team.

As noted in the 9th NSEDP itself, quality development is a transformation and at this moment, Lao PDR faces multiple transitions and choices about how those transitions are managed, with important implications for the national development trajectory. This includes:

- A demographic transition, with a unique opportunity to harness the demographic dividend;
- The necessary environmental transition emphasized by my colleague, the UNDP Resident Representative;
- Digital transformation and all the opportunity that offers;
- The expected graduation from being a Least Developed Country in 2026.

To continue in recovering from recent challenges, there is a need to reflect on how we can re-invent and re-imagine a development model that is more people-centred,

inclusive, and sustainable. With that in mind, the UNESCO would like to highlight five points:

- **First**, education remains a unique and powerful instrument in transforming societies, reducing poverty, and improving health, gender equality, peace and social stability. The Transforming Education Summit last year made it clear that to cope with the uncertain times, we must ensure that our education systems empower learners with knowledge, skills, values and attitudes to be resilient and adaptable. This starts with the political and financial commitment to strengthen quality education for all. Realizing Lao PDR's commitment to education financing under the Education law is of critical importance, especially given recent cuts in the education budget.
- **Second**, continued progress towards Universal Health Coverage is critical. COVID19 has shown that public health infrastructure, universal access, and well-trained medical personnel are of strategic importance for a resilient society. In this regard, it is essential to strengthen primary healthcare so that people take the initiative to stay healthy; coordinate healthcare initiatives pertaining to hygiene, disease prevention, and health promotion; and build a culture of improved nutritional diets. Achieving these health goals requires action beyond the health sector itself, in particular when it comes to financing. Therefore, setting up a coordination mechanism among the Ministries of Health, Finance, and Planning and Investment would be key.
- **Third**, Lao can make scientific knowledge and cultural heritage count more as a driver for development. The transition towards a Knowledge Society and Green Economy requires Laos to invest more attention and resources to scientific research and the application of advances in science, technology, and innovation.

Lao PDR is rich in ethnic diversity, cultural and natural heritage, including the newly inscribed third World Heritage site (Plain of Jars), and a potential first natural World Heritage site (Hin Nam No). These are valuable assets for sustainable development, which need to be nurtured and protected.

- **Fourth**, supporting youth as drivers for sustainable development. The young population offers the country a great opportunity to train, empower, include, and count on generations of citizens, leaders, entrepreneurs, teachers, intellectuals, artists, or technicians, who can drive successful transformations. However, to benefit from such a vibrant young population, we need to offer them the right opportunities, and decent jobs as well as a healthy environment and nutritious food.

Most importantly, Lao PDR must ensure that the reversal in human development progress reported for the first time in 30 years in the 2022, will not jeopardize their prospects.

Fifth, strengthening the collective efforts to achieve gender equality and reduce intersectional vulnerability. As in many parts of the world, norms and practices still hold back many girls and women from equal development, infringing their rights and opportunities to thrive.

By the same token, the intersectional vulnerability that people face should be addressed, whether because of their gender, age, disabilities, ethnic group, or geographic locations. We have all committed to the 2030 Agenda pledge to “Leave No One Behind”, and so all face an imperative to take action to address all forms of exclusion.

Accounting for this, UNESCO are very happy that the key frameworks that we will discuss today on financing the 9th NSEDP, strengthening resilience, and managing a quality graduation, afford scope to take concrete steps to tackle these key issues. With this, the representative of UNESCO, on behalf of the UN Country Team, expressed sincere thanks to the Government for its fruitful collaboration over the past years, and the ongoing commitment to supporting Lao PDR as it faces multiple transformations ahead.

1.4. UN (UNDP)

On behalf of the UN country team, the UNDP Resident Representative shared views on the environment, drawing attention to the triple planetary crises and formidable challenges faced from the effects of the recent pandemic. The effects of which are now augmented by the crises of fuel, food, fertilizer and finance faced in implementing the 9th NSEDP. The collective concern of the UNCT, was that while national development efforts are broad and thorough, the accelerating Triple Planetary Crises of Climate Change, Biodiversity Loss, and Pollution, is currently not sufficiently addressed and threatens to zero-out and even reverse the advancements made.

As mentioned in paragraph 23 of the RTIM background document, the challenging global context and macro-economic situation has driven the Government to rely on natural resource extraction as a coping mechanism to increase public revenue. The UN agencies welcome the Government’s recognition of the unsustainability of this coping mechanism, adding that the current model of economic growth is incompatible with the environmental goals of the 9th NSEDP.

Ecosystems and biodiversity continue to be threatened by the expansion of agriculture, unsustainable use of pesticides, large scale infrastructure projects (including new fossil fuel and mining activities) with insufficient environmental impact assessments and associated safeguards, and environmental crime (e.g., illegal deforestation, wildlife trafficking, etc.). This undermines ongoing efforts to strengthen sustainable and climate-resilient development planning, environmental pollution control, occupational safety, and health, legislation, and governance. These actions threaten the future of human health, well-being and overall human capital.

It is critical that the solutions in addressing current crises, do not simply transfer and exacerbate those challenges onto future generations. The climate crisis will further threaten the food production and worsen food insecurity at a time when already one-seventh of the population of Lao PDR is food insecure. The current trend also threatens the achievement of Lao PDR's ambitious targets set out in the 9th NSEDP and lastly, environmental degradation threatens Lao PDR's smooth, sustainable, and irreversible graduation from LDC Status.

However, the continued expansion of the labour force over the coming years presents a unique opportunity for Lao PDR to catalyse green growth. The shifting of Lao PDR's pathway to focus on increasing green growth, presents an opportunity for young peoples' participation in employment and entrepreneurship in these growth sectors.

According to findings in the 2022 Global Human Development Report (HDR) by UNDP, the green economy could add more than 24 million jobs worldwide by 2030 and further research by UNDP in Lao PDR estimates that 1.6 million jobs could be created by 2040 through the circular economy transition, as outlined in the circular economy strategies report. These jobs will not necessarily require the same skills as a fossil fuel-based economy, however circular economy jobs can provide opportunities to those currently working in linear value chains. According to the World Bank, the economic significance of ecotourism, which in Lao PDR could quadruple in the next 10 years, is estimated to reach USD \$600 million. This growth would double tourism's contribution to GDP.

There is an opportunity to strengthen capacity in climate action and to integrate low emissions targets into development planning at all levels, including regarding gender dimensions as the climate crisis has a gendered impact on the population and will require gender responsive solutions. A measure to enable a smooth transition from LDC status would be to encourage Lao exporters to adopt environmental, social, and governance compliance mechanisms. This would increase export competitiveness as these issues become increasingly prominent in international trade and consumer demand.

Government efforts in developing three promising frameworks which integrate the opportunities mentioned were also applauded by having the potential to reverse current trends:

- **Firstly**, for the 9th NSEDP Financing Strategy, 40% of its actions seek to ensure environmental sustainability, with a priority policy area on "Green and Climate Finance."
- **Secondly**, the National Resilience Framework prioritizes actions to enhance Lao PDR's resilience to a variety of shocks, including the increasingly frequent and severe environmental and climate shocks, to which Lao PDR remains highly exposed and vulnerable.
- **Thirdly**, while still under development, the STS features environmental priorities – including green low-emissions growth, sound natural resource management, and climate adaptation and resilience.

Upon implementation, these three guiding documents have great potential to decouple economic growth and public revenue generation from environmental degradation and to support the achievement of the 9th NSEDP and a smooth LDC graduation.

The key is indeed in “implementation,” with multiple strategies cutting across many sectors of the national economy, it is important to ensure cross-sectoral coordination, integration and buy-in for their effective implementation.

UN agencies would like to reiterate their support for, and look forward to working with, Government on the implementation of these guiding documents for sustainable green economic development, as well as promoting good health and well-being for the Lao people.

1.5. United States of America

The United States remains committed to work closely with the Government of Lao PDR and other development partners to ensure that U.S. assistance advances the NSEDP priorities.

The U.S. commended the Government for the progress just outlined in Vice Minister Phonevanh’s presentation, and looks forward to learning more about the financing strategy, the resilience framework, etc. Finalizations of these arrangements will be critical for planning, funding, monitoring, and achieving the NSEDP Goals for the people of Lao PDR.

U.S. development cooperation with Lao PDR has expanded significantly since establishment of the comprehensive partnership nearly seven years ago. Areas of the cooperation now include but are not limited to maternal and child health and nutrition, education, economic development, energy, governance, help with people with disabilities, countering transnational crime and clearing unexploded ordinance. The U.S. also looks forward to expanding support for future pandemic preparedness and response.

With USAID, the U.S. are looking to work with Ministries on potentially establishing a bilateral cooperation framework between USAID and the government of the Lao PDR. This will allow USAID to align even more closely in its assistance programs with the shared Development goals in the NSEDP.

The U.S. are pleased that all development partners, including the United States, were able to support the strong health response to COVID19. The pandemic had major economic negative impacts, and these have been worsened by the inflation effects from the invasion of Ukraine. This poses major additional challenges to the NSEDP and development priorities.

To help the Government of Lao PDR to achieve the NSEDP Goals and recover from the pandemic, the U.S. Ambassador shared a few comments for the Government’s consideration:

- It is very important for the Government and development partners to continue to prioritize health and education budgets, as was highlighted in the presentation by Vice Minister Mme. Phonevanh. These investments are foundational to Laos' long-term development. They are the investments in the country's number one, most important natural resource; it's next generation and children.
- The US encourage the Government of Lao PDR to continue engagement with civil society and the private sector in development, planning, and implementation. These groups will be key to achieving the goals of the NSEDP in the future. Noting the warm welcome the Government gave to the U.S. during Asian business Council visit in 2022, the United States looks forward to facilitating more private sector connections and consideration of investment in support of Government Development goals.
- During the Fourth National Conference on cooperation between Lao PDR and international non-governmental organizations in September, the Deputy Prime Minister and Foreign Minister announced plans to review the Prime Minister's decrees on NGOs, including on issues related to registration and the lengthy MOU process.

The U.S. encourages further consideration for streamlining these processes as this will help the Development Partners deliver assistance in a more efficient and timely manner for the benefit of the Lao population, and also, very frankly, to show that the development assistance provided is being put to use quickly and effectively. The U.S. looks forward to working with the Government on this process.

Finally, the U.S. Ambassador emphasized that the United States continues to make long term plans to deliver bilateral assistance to Lao PDR for many years to come and to support of the Government of Lao PDR's development planning.

1.6. Australia

The Ambassador recognized and thanked the efforts and preparation to facilitate the discussion, and congratulated MPI and UNDP for organizing the event.

Australia has recognized the difficult circumstances for the Government and Lao people in the lead up to COVID19, as well as the subsequent global shocks. Australia has been proud to support the Government of Lao PDR in its response to COVID19 and the Ambassador congratulated the Government for doing a good job of managing the health impacts of COVID19.

Along with many of Laos' friends and development partners, Australia was not only able to contribute to safe and effective vaccines, but also support the Ministry of Health during the vaccine roll-out. Australia continues to support in different areas of health and human resource development, which includes support for basic education and for long term scholarships in Australia. We will continue to support work in agricultural research, in water resource management, and supporting the Government

in its integration and connectivity agenda. Cross-cutting all the efforts will be to support the Government in its own efforts to ensure social inclusion.

As a partner of the economic working group, Australia endorses the World Bank and ADB statement that in a time of climate uncertainty the effective targeting of resources, improved fiscal management, and greater transparency and accountability must be ensured.

Countries around the world continue to be affected by economic downturn and uncertainty, and the severity of the impact is a combination of both internal and external factors. For example, the weakening of the LAK does indeed not only reflect the strengthening US dollar, but it also reflects some of the weakness that the international community see in the Lao economy.

There are no simple solutions to the economic and social challenges faced, including recovery from COVID19 that Lao PDR faces and the limited ability to absorb or mitigate the impact of future economic shocks. The economic roadmap that has been presented and discussed in our economic working group, is a suggestion for the Government to consider a framework for discussion, but ultimately, it's up to the Government of Laos to decide its own priority reforms. But, unless Lao PDR commits to this reform program, it will continue to be vulnerable to economic shocks. Australia recognizes that Australia and other international partners are committed to supporting the Government of Laos to build towards an upward trajectory.

In respect of the presentations from the Vice Minister Mme. Phonevanh, one of the big challenges has been inflation and the hardship of the people during this last year. The target for 2023 to bring inflation back to a single digit figure is an important one, but it's also very ambitious and the Ambassador looks forward to hearing the actions that the Government intends to prioritize that will help to achieve that goal.

1.7. Canada

Canada recognised how 2022 was economically difficult for many countries including Lao PDR. Canada is very aware of the economic challenges of the country, in particular the very high levels of inflation.

Canada provided support to Lao PDR during the COVID19 pandemic and remains committed to supporting the country as it works to achieve greater levels of economic sustainability and stability. This will include a new initiative under Canada's recently announced "Indo-Pacific Strategy."

The Ambassador would be glad to hear in the discussion and presentation on the 9th NSEDP an emphasis on inclusive, equitable, and climate resilient growth. In the spirit of the discussion, the Ambassador shared three elements that are of particular importance to Canada.

- **Firstly**, gender equality is important for Canada. Gender equality is not just a matter of human rights, but also of basic economics. As we all know that empowered women drive thriving economies by enhancing productivity and growth. Canada is very pleased to see the specific steps that are being proposed for increasing women's representation in politics, including targets at all levels of Government. It has been suggested that the NSEDP also mandate a comprehensive gender-based analysis for all major government policies and programs to ensure that gender considerations again as a key cross-cutting, enabler of growth and development, are present and accounted for in all the policy decisions that Lao PDR make going forward.
- **Secondly**, one of the key lessons that Canada has learned in governance is that the inclusion of all stakeholders, including civil society organizations, community groups, is absolutely crucial to a peaceful and orderly society. In Canada we strive for peace, order, and good governance, and that springs from an ability to listen to all voices and allowing all to contribute, as well as having a lively discussion before moving forward with policy initiatives.
- **Thirdly**, the Ambassador commented on the Economic Resilience Framework that encourages transparency by focusing on modernizing tax revenue collections. These are crucial enablers to support the current and growing need for greater expenditure in the health and education spheres for sustainable development, green growth and a smooth LDC transition for Lao PDR.

2. Presentation 2 - 9th NSEDP Financing Strategy

Presented by H.E. Mme. Phonevanh Outhavong, Vice Minister, Ministry of Planning and Investment, with four main topics:

- Financing Strategy Objectives
- Formulation Process
- Policies and Actions:
 - Part 1: Domestic Public Finance
 - Part 2: International Public Finance
 - Part 3: Domestic Private Finance
 - Part 4: International Private Finance
 - Part 5: Priority Sectors (Health, Education, Green Growth)
- Implementation Arrangements and Next Steps

(Please refer to Annex 3 for the slide presentation)

Summary of Statements and Discussion

2.1. France

As mentioned in the RTIM background document, the challenging macroeconomic situation has driven Lao PDR to rely more on natural resources extraction as a coping mechanism to increase public revenue. It is notable that the Government of Laos recognizes that this coping mechanism is unsustainable. The efforts to develop a financing strategy which will decouple economic growth and public revenue generation from environmental degradation are welcomed.

France looks forward to working with the Government in the implementation of green and climate finance identified in the financing strategy. Under the common team Europe strategy, European partners and France have provided total grants of over EUROS 550 million for the period of 2021-2025 to support: a green and inclusive economy, human capital and good governance. The strategy aims also to increase trade and responsible investment, especially in sustainable agriculture and forestry in support of inclusive and green growth. France strongly supports Lao PDR in its efforts to invest in human capital to meet its ambitious development objectives.

The current complicated macroeconomic situation requires public finance management reform. France provides financial and technical support to Lao PDR's commitment for a sustainable debt management strategy, which aims at increasing domestic revenues and improving public spending efficiency. For instance, France is currently in discussions with the Fiscal Policy Department in the Ministry of Finance to provide expertise on public finance management reform, which will be finalised soon.

Concerning foreign direct investment, it is essential to balance economic and environmental considerations when assessing new investments. Investment projects should help to preserve natural resources for the well-being of Lao people, as well as bringing value, through consultations and comprehensive environment impact assessments.

Within the 30-year, long-standing partnership between France and Lao PDR, financial support and key expertise in crucial socio-economic development areas such as agriculture, education, health, heritage, and sustainable tourism have been provided. In the years to come France, as a member of the EU, will continue to stand by Lao PDR in its sustainable development, in line with national strategies.

2.2. United Kingdom

The UK Ambassador supports the interventions by Germany, ADB, the World Bank, the UN country team, the United States, Australia, Canada, and France.

The UK Government remains committed to supporting development in Lao PDR and have increased its development programming. Since becoming a dialogue partner of ASEAN, the UK stands ready to work with the Government of Lao PDR as it prepares for its chairmanship of ASEAN next year and continued assistance on UXO clearance, and antimicrobial resistance.

The UK will also begin a program of sustainable forestry management with activities in renewable energy as well as supporting several projects in the areas of education, health, and environmental management. The UK welcomes the attention of Lao authorities in central government, and at the provincial level, in these activities. For the achievement of the 9th NSEDP the UK recommends:

- Financial resources: The UK supports the recommendation in the financing paper that the Government of Lao PDR diversifies its sources of development finance, as there is an overreliance in Laos on international public finance from bilateral and multilateral donors. The UK also stressed that international public development finance is over-stretched globally. In the case of the UK, with the great pressure on ODA budget because of the illegal Russian invasion of Ukraine, the UK is having to dedicate large amounts of resources to support the Ukrainian people. Consequently, support to countries like Laos is coming under pressure and will require increased cost-sharing. In addition, international public development finance may be affected when Lao PDR graduates from LDC Status.
- The UK recommends that the Government looks to diversify development finance from alternative sources, including domestic public finance through increased revenue generation by the Lao government, domestic private finance, and international private finance as blended financing is the reality of modern development; this is common in many other developing countries and it is good to see Laos moving in this direction.
- In terms of domestic public finance, Lao PDR is an LDC, with limits on the amounts of money available. However, the UK believes that there is scope to increase tax revenues, as others have mentioned already this morning and to use those revenues to fund development activities. There are many generous tax exemptions being offered to businesses. This means that businesses are not paying the correct level of taxes which is depriving the national budget of large amounts of money. According to the most recent economic monitor report, the World Bank identified that tax incentives do not encourage foreign investment. In contrast, cutting costly tax exemptions can raise public revenues which can help social spending. For more example, with a recent UNDP report on tobacco control, it was modelled that a significant amount of extra revenue could be generated, and lives could be saved by removing the tobacco exemption alone, and addressing the fact that Laos has the lowest tobacco tax rate in ASEAN. Removing the costly tax exemptions of tobacco would generate income that could be used on health and education to better benefit the people of Laos as well as to support other sectors of the Lao economy, such as tourism. Laos has incredible potential for tourism, but it needs more investment to encourage visitors to stay for longer periods.

- Aid effectiveness: ODA is under great pressure around the world, taxpayers in the UK and other countries need to know that their money is being spent wisely and effectively.
- A slow bureaucracy: NGOs have fed back that they were spending a lot of time on bureaucracy requested by the central government and provincial authorities, and they felt that this bureaucracy was slowing them down, or preventing them from doing real work on the ground to help the people of Laos. If NGOs are able to help the development of Laos, then they need to be given the flexibility to operate through quicker and simpler procedures. If the procedures in Laos are too difficult and time consuming, there is a risk that hard-pressed ODA budgets will be diverted to other countries where delivering development assistance is easier and quicker.
- Investment in human capital: leveraging more finance and making the processes simpler and quicker could ensure that Lao can make the most of its greatest asset: human capital. Laos has a young population with 59% being people below the age of 25, this demographic dividend can help the country to grow in the future. There needs to be sufficient investment in education and health, and more steps need to be taken to empower women and girls who play such a vital role in society. As the sixth National Human Development Report outlines, 25% of young people were not in education, employment or training in 2021 due to COVID19. So, the British Government really hopes that the budgets for health, education, and women and girls will be protected and ideally increased.

NGOs are ready to stand by Lao people and there are so many fantastic NGOs in Laos who are doing wonderful things. Their experience and ideas can provide really valuable input to Lao government policy. So, as others have said, the UK ambassador hopes that the Lao Government will consult with these NGOs and give them more of a voice, so that they can also contribute fully to the development of Lao PDR.

It is hoped that these issues would be discussed by the Lao delegation at the 5th UN Meeting for LDC, which will be held in Doha in March. At this meeting in Doha, donors will be looking at issues such as financing for the development, therefore it will be an important event as Laos moves towards graduating from LDC status in 2026.

2.3. JICA

The representative of JICA fully agreed with the financial strategy, and also the comments made by all fellow Ambassadors and development partners. JICA is committed to working closely with the Japanese Government and the Government of Laos and raises two key points:

- The flexibility closely linked to the financial strategy. The financial strategy should be flexible enough to cope with inflation and other economic considerations for all sectors;
- The streamlining and timeliness of approval process.

It seems that approval procedures within the Government of Lao take a very long time. This may delay the realization of development and benefits of strategies and delays the benefits given to most Lao people. JICA hopes that the Government of Lao will better streamline and improve the speed of approval processes for all development partners to be able to support the financing strategy, and also the development of Laos in the future.

2.4.WHO

The representative thanked Mme Phonevanh for presenting and concurred with previous comments made by UN agencies and Ambassadors who have been working extensively with the Ministry of Health and other Development partners during the COVID-19 pandemic and on the National health financing strategy and insurance scheme to prevent excessive health expenditures for the people of Lao PDR.

The representative made brief comments on domestic revenue with regards to resource mobilization; 1) For broadening the tax base; 2) About efficiency of ODA and; 3) On health financing.

- Broadening the tax base: the government's investment in human capital is essential to ensure graduation from the least developed country status by 2026. Actively ending the tobacco sector investment license agreement which would otherwise automatically be renewed would allow to increase tobacco taxation, diversify government revenue sources, and secure domestic resources for the government's investment in human capital development in the health sector, contributing to sustainability in Health Financing in the context of donor transition.
- This includes first and foremost sustaining the heavily stretched National health insurance scheme in the context of rising living costs. Increasing the government's health budget is more critical than ever. Tobacco taxation, contributes to reducing 7,000 lives needlessly lost each year to tobacco and is one of the most feasible options for increasing government revenues. The tax losses on the other hand, introduced by the tobacco sector investment license agreement, cost the economy approximately USD 142.9 million between 2002 and 2019. In fact, this was highlighted as a recommendation in the 6th National Human Development Report, by UNDP.
- Efficiency of ODA: a coordinated approach to donor transition. Establishing a strong coordination mechanism with the Government is critical for strategic planning, and for ensuring sustainable financing and strategic engagement with

development partners in the context of the LDC graduation which will affect some partners' support in the coming years.

- In the health sector, the Government has been preparing for a smooth donor transition, as the country aims to graduate from LDC status. However, due to the impact of the COVID-19 pandemic and the current economic challenges, the planned transition has been effected. Establishing coordinating mechanisms among the Ministries of Health, Finance, and Planning and Investment will be critical to secure government funding to sustain essential health services and to negotiate with relevant development partners to adjust the transition plan.
 - The existing health sector development group and respective technical sub-working groups could be reinvigorated and meet more regularly to support this process efficiently.

2.5. UNFPA

On behalf of the UN Population Fund, there are three brief comments to compliment those of the UN country team and colleagues.

- It is imperative to use quality data, of an international standard, to make evidence-based decisions and to continue investments to make available high quality data across all sectors. This is important as we look towards reviewing, evaluating, and assessing the areas that require the most investments and can give the highest yields.
- As custodian of the statistical standards in the country, the Lao Statistics Bureau leads the work on the population and housing census which provides the largest base of evidence for the population's situation. It is important that this work continues to be prioritized in its planning all the way through 2025.
- In terms of the financing aspect, it's critical to consider investments in areas which have an impact across multiple sectors in Laos. Almost 60% of women wish to have fewer children. Family planning shows the highest return on investment within the reproductive, maternal, neonatal child and nutrition sectors. A dollar invested gives you USD \$6 dollars in savings and over USD \$120 in social economic benefits. Allowing women to choose if, and how many, children to have also reduces stunting by almost 6 percentage points. It is important to invest in root causes during times when financing is especially limited.
- Gender-sensitive investments: to reiterate what has been said by the Canadian and UK Ambassadors on gender-sensitive investments; it is critical to recall that in Laos before COVID-19, women were almost on par with men for engagement

in economic activity. COVID-19 changed that drastically, and many more women fell out of work and out of social safety nets. The advantage that Lao PDR had before the pandemic needs to be protected now, as we try to recover through these various strategies going forward.

3. Presentation 3 - Lao PDR Resilience Framework 2022 - 2025

Presented By H.E Sthabandith Insisiengmay, Vice Minister, Ministry of Planning and Investment as the content below:

- Background
- Resilience Framework
 - Financing for Sustainable development
 - Trade, Private Sector, Value chains, and Tourism
 - Manage changes and enhance policy preparedness for decent Work
 - Human Capital
 - Green Growth, Resilience to Climate Change and Disaster Risk Management
- Implementation Arrangement (M&E and Way forward)

(Please refer to Annex 4 for the slide presentation)

Summary of statements and discussion

3.1. Swiss Agency for Development and Cooperation (SDC)

Lao PDR has been facing the COVID19 pandemic and the 4 Fs: financial, fuel, fertilizer and food crisis. The ambition of the Resilient Framework is to prioritize actions within the 5 areas that have been introduced by the Vice Minister. There is a very clear link between this Resilience Framework, and sustainable development that has been alluded to in the 9th NSEDP and in the Financing Strategy, as well as in the comments by previous speakers from the Diplomatic and Development community.

The 4 Fs mentioned in the Resilience Framework and SDC, provide perspective on the 3 levels of resilience that are important for the implementation of the 9th NSEDP:

- **Level One:** a resilient system. Apart from the necessity to have a sustainable development model as mentioned by the UNDP Resident Representative, Lao PDR also needs to have a system and policy framework that is resilient to the different crises that may affect the Lao PDR.
- **Level Two:** to have resilient public institutions. There are private institutions that, in their capacity to implement the policy framework or the development model, are resilient to global shocks. An important dimension of this framework is capacity building as well as ensuring that the necessary human and financial resources are placed at the disposal of those institutions.
- **Level Three:** to have a resilient population. Communities, especially vulnerable ones, need to be strengthened in their capacity to cope with crises. An important

element of resilience is human capital, SDC emphasizes the need to preserve human capital now for future generations.

Considering the 5 pillars of the Resilience Framework, Switzerland and team Europe agree that the 73 priority actions must also respond to the cross-cutting factors of gender and youth with reliable data and policy convergence in order to succeed.

These 73 actions have been well defined but the challenge remains to put these priorities into action. SDC recommends including in the Resilience framework clear deadlines and measurable goals for each proposed action, and to assign top priority actions. Development partners and stakeholders can then coordinate to implement these top priorities with the highest urgency and clear timelines. Switzerland's participation in supporting the efforts of the 5 pillars is outlined below:

- First pillar: on macroeconomic environment, Switzerland fully concurs with the statement made by ADB and the World Bank regarding implementing the roadmap in conjunction with the financing strategy.
- Second pillar: Switzerland are pleased to report that team Europe will continue to support many of the actions in the Resilience Framework (especially in tourism) through the contribution of Luxembourg, the EU, and Switzerland in agriculture, vocational training, and the implementation of the green growth strategy, specifically climate change preparation.
- Third pillar: on migration, Switzerland, as a funder of a regional migration project together with IOM, would like to emphasize the importance of quickly formalizing pathways for migrants, to make migration quick, affordable and easy. Migrants must be ensured safe travel abroad to enhance professional activities and to respond to market needs in the longer term. SDC calls for the private sector to play its role in contributing to skills development. Team Europe will invest considerable funds and efforts in putting these priorities into action with the relevant line ministries.
- Fourth pillar: on human capital, Switzerland supports the US Ambassador's statement that the young Lao population receives good education, health, and all the support needed to have the optimal human capital for the development of the country. Switzerland supports the interventions that recognise the importance of civil society being able to work as smoothly and as quickly as possible. As mentioned by others, the MOU and approval process must be as swift as possible, to ensure activities are not hampered by bureaucratic and administrative burdens.
- Fifth pillar: Switzerland would like to draw attention to regulating future natural resource extraction projects. Switzerland and Lao PDR recently signed an agreement to support dam safety; Switzerland are aware of other actors interested in the strengthening the capacity of the Ministry of Energy and Mining in supervising standards for dam safety.

SDC emphasises that the division and implementation of priorities is crucial, specifically agreeing on the process to monitor and follow up the 2022 RTIM

discussions through the sector working groups or other mechanisms. Regular monitoring of this mechanism could avoid an annual meeting with repeated debates.

3.2. Bank of Lao PDR

Madam Deputy Governor of the BOL expressed their appreciation to MPI and development partners, and the UN for co-hosting the meeting.

Through the 1st, 2nd and 3rd presentations, the Bank of the Lao PDR expressed its unity with the contents of all three presentations, and the future tasks related to the banking sector which are in line with the strategy and priority tasks that the Bank of Lao PDR has set and will continue to implement in the future.

In response to the international and domestic crises, the BOL has researched and used all tools, measures, and capabilities to maintain the stability of the national currency in order to alleviate the economic impact on the lives of the people and all sectors. BOL provides the following updates:

- On monetary policy: BOL revised the interest rate, first on 6 July 2022, and for 2023 BOL will maintain combined monetary tools and focus on price stability.
- Increased the reserved requirement rate for commercial banks from 3% to 5% for Kip currency in May 2023.
- BOL issued 6-month bonds amounting to more than five thousand billion kip in the period from June 2022 to November 15 2022, selling 92.28% of the bonds. In January 2023, additional government bonds were issued in the amount of one billion and completely sold out.
- Allowed commercial banks to improve credit despite being effected by COVID19, while not affecting the financial policies of various financial institutions. As a result, the amount of money (M2), eased from 42% (June 2022) to 38% (October 2022).
- The exchange rate policy has also been determined according to the daily reference exchange rate of the central bank. BOL maintains the exchange rate according to the state-managed market mechanism for commercial banks and exchange agencies. Until October 2022, there has been an amendment to the regulation of the exchange rate bank bond for commercial banks, from (+/-) 1.5 to (+/-) 4.5.
- To manage the flow of foreign currency in and out of the Lao PDR in a more focused manner, the Law on Foreign Currency Management has been revised through the process of the National Assembly. The current focus is on improving various legislations under the aforementioned law, which includes 25 versions. To this end one law will strengthen business banks in providing foreign exchange services to individuals, legal entities, and organizations both domestically and internationally.
- BOL has been preparing to improve legislation on the management of income from: the export of foreign currency products connected with foreign investors; and the foreign currency market in the banking system, such as the loan and currency trading system between commercial banks. This includes

the improvement of the legislation governing the acceptance of deposits and loans in foreign currencies to make management more solid, to increase the flow of foreign currency into the bank sector and to ensure that commercial banks can provide a currency balance to society, which is important for the import of priority goods.

- BOL respects the right of legal entities and individuals to hold foreign currency but will encourage more holding in the form of opening accounts in commercial banks.
- The bank recommends improving coordination management mechanisms by improving digital information technology related to foreign currency management among related sectors, such as a database system that is connected between the banking, financial, trade, and investment sectors.
- Ordering permanent suspension of currency exchange services from exchange shops and encourage commercial banks to open their own service units.
- Most notably in 2021-2022, two state-owned business banks, namely the Agricultural Promotion Bank and the Lao Development Bank, have been transformed into state-owned banks in partnership with the private sector and currently BOL is working to continue to improve one special bank (the Policy Bank).
- BOL continues to review and closely monitor commercial banks to ensure liquidity and financial stability and continues to improve regulations in the management of commercial banks and micro-finance institutions.
- BOL continues to improve the capacity of personnel in implementing various projects with development partners through technical assistance.
- The banks continue to work to combat money laundering and terrorist financing. The 2nd round inspection by the APG organization has been successful and the results of the joint inspection are currently in review. Some sectors are performing well, but some sectors still lack thorough and sufficient research. It is expected that the draft report will be completed by the end of July 2023.
- In 2023, there is a challenge in terms of monetary policy due to the increase in trade deficit and foreign currency debt due to changes in the exchange rate, so there is a need for the BOL to work together with development partners to improve monetary policy tools to be more effective.
- The BOL is trying to control the interest rate of 2023 to drop to single digits at the end of this year. However, the financial policy tool is a short-term problem-solving tool, so it requires cooperation with the Ministry of Industry and Trade according to the government's guidance in managing the price structure of consumer goods as a basis.

3.3. UNICEF

The focus of UNICEF is on implementation, regarding the Resiliency Framework this involves focusing on implementation towards the midterm review, especially in the area of human capital.

It is very important that human capital is a primary focus in the Resilience Framework, because 70% of children and young people in Lao suffer 2 or more deprivations and 50% suffer 3 or more. Resiliency requires us to provide equitable opportunities for rising economies to ensure stable economic growth. Human capital is a vehicle for growth, which is the core message of the resiliency framework; Human Capital for Growth.

To further enhance and accelerate results in building human capital, the representative mentioned two main points in respect of the implementation:

- **Firstly**, a key element of strengthening implementation is to have strong systems and capacities at the level of the policies framework, and programs at the level of communities. A core element of system strengthening is understanding the demand from communities in terms of education and health etc.
- **Secondly**, all relevant sectors should continue to build upon ongoing work as single-sector solutions are insufficient to build resilience. The lives of families with children and young people are very complex and single-sector solutions do not address that complexity.

Implementation requires all sectors to come together in a coordinated way to provide the services and interventions that are needed to build human capital. A very good example of effective co-ordination is when the Government of Lao PDR released a statement at the transforming Education Summit; all sectors came together on how they can improve learning outcomes for children.

UNICEF reiterates the need for intersectionality as all sectors coming together with cross-sectional strategies could bring great progress towards enhancing human capital by the midterm review; this could be a very concrete way to build and strengthen progress further to achieve human capital results.

3.4. Gender Development Association

On behalf of Civil Society Organizations (CSOs), the representative emphasized the role of the CSOs as a representative social organization at the national level with the task of encouraging and promoting the strength of organizations, coordinating with development partners, exchanging, and improving policies at the local, national, regional and international levels. Currently, there are 293 social organizations in Laos, including foundations and associations. There are 72 group members from 16 provinces across the country divided into 7 sub-units, including:

- Administrative unit
- Agriculture, Forestry and Rural Development Unit
- Education
- Health and Nutrition Unit
- Labor and Social Protection Unit
- Environmental unit
- Economic, Information, Culture and Tourism Unit

The representatives expressed their thanks and gratitude to the ministries, public and private sector departments, and development partners who have provided support by creating opportunities for CSOs to participate in social and economic development work in important meetings. Recently, CSOs have contributed to the implementation of the NSEDP, in each phase and contributed to the work of reducing and preventing the risk of the outbreak of COVID19.

Currently, social organizations are experiencing difficulties due to insufficient access to funding sources and high competition. Cooperation and coordination are still not smooth as applying for approval and receiving funding requires multiple stages. In addition, to improve work plans and methods of providing services to target disadvantaged communities, CSOs also need to develop the knowledge and understanding of their personnel. This will contribute to policy work through the drafting of development policies, as well as monitoring and evaluating policy implementation.

The CSO representative requested more opportunities to participate in the implementation of grants, policy planning and following-up evaluations on implementing the Smooth Transition Strategy for LDC graduation. This will ensure the inclusive participation of all groups of people in society.

4. Presentation 4 - Lao PDR Smooth Transition Strategy for LDC Graduation

Presented by H.E. Mr. Phoxay Khaykhamphithoune, Vice Minister, Ministry of Foreign Affairs, in the following contents:

- Review on the progress of the Lao PDR's LDC graduation;
- Progress on the development process of the Lao PDR's Smooth Transition Strategy (STS) for LDC graduation;
- Challenges and ways forward for the Lao PDR's STS development process.

(Please refer to Annex 5 for the slide presentation)

Summary of statements and discussion

4.1. Canada

The Ambassador congratulated Lao PDR on becoming a candidate for LDC graduation, and the very detailed and thorough preparation work for the STS over the last 2 decades.

Last year, the Government of Canada spent nearly 5 million dollars supporting a variety of Lao projects. Despite not having a bilateral development program with Lao PDR, Canada shared funding through multilateral organizations like WHO, WHP and UNDP. More specifically Canada is supporting Lao PDR's LDC Graduation efforts by: (1)

supporting small and medium sized enterprises through promoting inclusive governance, including by furthering gender awareness, and mainstreaming across a number of sectors, (2) working on protecting human rights for vulnerable groups such as migrant workers and LGBTIQ+ communities, (3) tackling UXO threats, (4) a new and major program is supporting the building of capacity to eradicate landmines in Laos, (5) strengthening Lao capacity to prevent, detect and respond to emerging biological threats, and (6) exploring possible cooperation between the Lao Statistics Bureau and Statistics Canada.

Canada is currently in negotiations with ASEAN for a Canada ASEAN Free Trade agreement. One of the important outcomes of this agreement, once in place, will be to preserve tariff-free access to the Canadian market for Lao PDR after it graduates from LDC status. The objective is to provide a very smooth and seamless transition for Lao PDR to continue trading bilaterally so as to contribute to a sustainable graduation strategy.

Canada recently launched an Indo-Pacific Strategy, resulting from this are a range of new projects and funds that will support increased engagement for Canada in the region, including throughout ASEAN and with Lao PDR.

The Ambassador referenced the importance of the integrity and sustainability of many infrastructure projects that are undergoing construction or are planned in Lao PDR. This includes greater transparency, and environmental oversight, improved labour standards and more robust inclusion of local populations. This could be one of the key areas that would support the sustainability of the transition.

4.2. Hungary

The Ambassador congratulated and welcomed the achievements and results of the Government of Lao PDR since 1975. The current economic financial situation is challenging not only for Lao PDR, but for almost all countries in the world. Speaking not only on behalf of Hungary, but on behalf of the team Europe members of this group, (the EC delegation, France, Germany, and Luxembourg) the Europe team are prepared to support the STS of the Government of the Lao PDR.

During this period of the STS, human capital development is a key factor. Hungary has been supporting the education sector of Lao PDR through the Scholarship program, with this year marking 10 years of the Hungary University Scholarship program, seeing more than 400 students study in Hungary.

Hungary signed a new MOU on cooperation on higher education between 2023 - 2025 and will continue to offer 150 scholarships annually. In December, Hungary and Lao PDR welcomed the decision of the Governors to open a Lao Embassy in Budapest. This signals strong cooperation in development between the two nations.

5. Presentation 5 - Way Forward of Effective Development Cooperation in light of VDCAP and SWG reviews

Presented by H.E. Mme. Phonevanh Outhavong Vice Minister, Ministry of Planning and Investment. The presentation covers three areas:

- Background of the VDCAP mid-term review (2021) and SWG review (2022)
- Key priorities for the remaining period of the VDCAP (2022-2025)
- SWG way forward

(Please refer to Annex 6 for the slide presentation)

Summary of statements and discussion

5.1. European Union

The Representative reiterated the 6 points for the achievement of the 9th NSEDP and effective development cooperation with development partners:

- The respective Ministry Chairs need to ensure that the sector working groups meet regularly during the year. Conducting an annual meeting just prior to the RTIM is ineffective coordination.
- To ensure the maximum flexibility in the appointment of sector working group DP co-Chair, a simple rotational system should be established as DP priorities can change over time. For example, one DP stepped down from a sector working group at the end of 2021, and it took one year to approve the proposed replacement. This shows that the current system is not effective and needs revision. In addition, it is essential that DPs appointed as co-Chairs take the responsibility to provide technical and administrative support to ensure the good functioning of sector working group.
- As the VDCAP Review highlights, the management information system is important. This database is indeed essential to support effective coordination, especially at the time of programming and project formulation. Recently, this system has not been fully functional, thus, the Government spends a lot of time collecting information on DP's projects in every sector.
- Aid effectiveness also means that both the Government and development partners need to speed up program procedures. It has been recommended to find practical ways to accelerate the signing of financing agreements, and of project MOUs, by the Government once a project has been formulated and validated following various consultations with all relevant stakeholders.
- Principle 8 of the VDCAP highlights the role of the private sector as a partner in development. The private sector makes a significant contribution to the socio-economic development of Lao PDR, substantially more than all development partners put together. In addition, the forthcoming LDC Graduation would likely mean a decrease of ODA for Lao PDR. Therefore, the Government would be well

advised to devote much more attention to improving the business environment and facilitating private investment. This means ensuring social, environment and governance safeguards for private investments to ensure that effective contributions are made to a sustainable, green, inclusive and quality growth.

- The EU strongly encourages the Government of Lao PDR to accelerate Public Finance Management (PFM) reforms, and to share openly all relevant economic and fiscal information. This could be a budget support modality that consists of niche criteria, as it guarantees additional revenue paid directly to the national treasury, and used according to the Government's own plans and procedures. This modality requires the progressive reinforcement of public service management systems, and full transparency about the fiscal situation of a country to build trust between DPs and governments.

The EU ended the remarks by confirming their collective commitment to implement the recommendations of the VDCAP and Sector working group reviews.

5.2. Japan

The representative fully agrees with the importance of human capital development in increasing trade and investment, strengthening the business environment and improving debt management by enhancing transparency. There are two key points from Japan on STS:

- Firstly, improvement should be made to increase the efficiency and productivity of the sector working groups to enhance development cooperation. This can be achieved through establishing an annual schedule of meetings, sharing conference documents well in advance, effectively connecting technical and sector working groups. While maintaining the Government of Lao PDR's ownership of the sector working group mechanism, Japan would like to continue to consult and work closely with the relevant parties to make the sector working groups and RTP more productive through the active participation of development partners.
- Secondly, regarding implementation, procedural issues remain a challenge, therefore a strong and timely streamlining of approval processes is recommended.

Japan with other development partners are ready to work closely with the Government of Lao PDR, to ensure a strong streamlining of approval processes for projects.

5.3. Ministry of Home Affairs

The Deputy Minister expressed his honour and pleasure in attending the RTIM meeting. He would like to share some thoughts on public governance within the responsibilities of the Ministry of Home Affairs and related lines ministries and

departments. The Deputy Minister expressed his welcome and gratitude for the comments from the German, US, Canadian, and UK Embassies as well as the head of SDC regarding the contribution of all parties, DPs, and in particular CSOs to the more effective implementation of the 9th NSEDP. The Vice Minister shared some responses as below:

- The Government recognize that every party in the country has an important role to play in contributing to national development. The Government of Lao PDR never prohibits the engagement of CSOs but welcomes CSO engagement. This partnership between the public sector and CSOs can reduce poverty. The Government has a cooperation mechanism to work together, under the RT: the Governance SWG is one of the 10 sector units that have organized a discussion forum at various levels and formats, in which the chairs and co-chairs of the Governance SWG meet to discuss specific topics. For 2022 RTIM there are five representatives from CSOs present.
- The annual engagement between the public sector and CSOs was held in October 2022. This workshop reflected upon, and exchanged lessons learnt in, the implementation of the annual work plan and the engagement of two partners. This acted as a platform for CSOs to learn from one another and opened an opportunity for CSOs to present accomplishments and discuss overcoming challenges in an effective and efficient manner.
- CSOs have made important contributions in the development of urban and remote rural areas in education, health, agriculture, environmental protection and social security. A number of CSOs provided support during COVID19, including financial assistance and living packages for the local communities affected by COVID19.
- The participation of CSOs also received assistance from a number of international organizations, for example the Citizen Engagement for Good Governance, Accountability and the Rule of Law (CEGGA). CSOs also received initial grants to implement 37 community development projects. On behalf of the Government, the Vice Minister expressed his gratitude to the CSOs and DPs who have provided support in contributing to the implementation of the 9th NSEDP.

Mr. Vice Minister further emphasized that the contribution of CSOs and DPs must be within the legal framework and the effective development cooperation mechanism; with CEGGA and emphasis was placed on good governance and the rule of law. Therefore, when looking at the involvement of society, there is also the contribution within the legal framework following the Decree No. 238, and the foundation has been laid with Decree No. 149.

The cooperation between Government Organizations and CSOs has been going well, but there are some areas that need to be addressed to get better engagement from

the CSOs and ultimately further their contribution to the promotion of community and national development.

5.4. WWF

The representative expressed the honour to be a representative of the NGOs' network, which represents more or less 50% of the NGOs operating in Lao PDR.

The representative highlighted the important role of CSOs and their contributions, as reported by MOHA. NGOs are happy to see the door open and are ready to work with the Government of Lao PDR, and with all other stakeholders proceeding towards LDC graduation. On behalf of the National CSOs and INGOs, the representative gave comments on three key points as follows:

- **Firstly**, is to expand the space for diverse voices. As heard from the presentation and stakeholders, everyone present have come to the RTIM to create a space for voices. Expanding space for diverse representation in policies brings more resources, and more energy to meet and achieve the Lao development goals and to shift to a more inclusive and consultative approach.
- **Secondly**, economic growth is an example of why approaches matter as some growth patterns enhance and increase inequalities. Growing groups of people are being left behind, as they are not able to recover from economic shocks. Taking an inclusive approach can mitigate against this, such as using tax reforms to address inflation and applying a human development approach to economic and physical reform.
- **Thirdly**, climate change is threatening efforts to end poverty, as people's livelihoods, well-being and the economy are put at risk. The green agenda/growth strategy outline the importance of embedding climate change mitigation and adaptation. Therefore, to protect natural resources and define policies for a green economy, greater commitment and more resources are needed.

The NGOs network also emphasize that the recovery strategy cannot be designed at the expense of human and natural capital, which must remain the assets of the people of Lao PDR.

5.5. USAID

USAID Representative expressed his gratitude to Government counterparts for the very informative and impressive presentations about all of these important issues to advance development in Laos.

During the pandemic, USAID could see the spirit of cooperation and action between the government of Laos and all development partners to act and keep people safe. With significant challenges ahead over the coming years, USAID need that same spirit

of cooperation, action, and that same sense of urgency in implementation to achieve the goals that Lao PDR has set.

The representative assured the Government of Lao PDR, that USAID and the U.S. Government will commit to working closely over the coming years, and also with all DPs to achieve the very ambitious goals of the 9th NSEDP and the LDC Graduation.

As the U.S. Ambassador laid out this morning, USAID has a new program to support and partner with UNDP and MPI to support National Development planning. The project is known as the National Financing and Planning for Inclusive Development, which partly funds the RTP. The project enhances the planning, financing and coordination, including the SWGs, looking at ODA and revenue, and also strengthening the linkages between the national and subnational efforts in planning, financing and development.

USAID looks forward to more conversations with MPI to move forward and get this project off the ground to achieve the many ambitious development goals.

5.6. Australia

The Representative of the Australian Embassy supported the statement of the EU on the value of the SWG process and Australia's commitment to it, and also the suggestions on how we can contribute to making it work better for everyone.

Australia will co-chair for a new energy sector working group. The Ambassador commented that efforts have perhaps not been equal across all SWGs, and Australia would like to commit to doing better in the future and participate in the process to review the SWGs as there are currently many challenges. The Ambassador shared a new international development policy that Australia is developing after the election of a new government last year. The new policy will reinforce the foundations of a peaceful, stable and prosperous Indo-Pacific, with the focus on 3 areas:

- Building effective, accountable states that can sustain their own development.
- Enhancing states and community resilience to external pressures and shocks.
- Connecting partners in the Indo-Pacific with Australia and regional architecture, and generating collective action on global challenges that impact the region within this new development policy.

Australia will be reviewing a new development strategy here in Lao PDR, working closely with the Government of Laos and consulting with other development partners to ensure that a new 5 Year Development Strategy addresses the needs and priorities of the Government of the Lao PDR.

Australia provides about 30 million dollars a year of ODA to Lao PDR, half of that is a bilateral program while 7-10 million dollars a year is implemented through INGOs and Lao national CSOs. This program supports work on poverty alleviation, good nutrition, water supply, rural development and health, climate change adaptation, and achieving the SDGs and LDC Graduation. The Ambassador also added his voice to the proposals

that would go towards streamlining and quickening the approval of NGO projects, adding that perhaps a benchmark of 6 months to approve projects would be constructive.

5.7. UNDP

The RTP began in 1997 and the SWGs were created in 2005.; with the uncertainties of the world today such processes need to be constantly reviewed to ensure their full effectiveness. The Resident Representative expressed the need to become much more agile in the work of the SWGs under the RTP.

Reviewing and revitalizing the SWGs is required, these groups are valuable but there may be a need for new ones, and others may now be best advanced within Government itself. UNDP stands ready to work closely with MPI, and the various SWGs and DPs, to find a modality that may be somewhat better suited to the country's needs.

Reiterating the statement from UNICEF, single-sector solutions do not work; single-sector solutions are necessary, but they must be combined, as in the resilience framework and Smooth Transition Strategy. It is really the whole of Government and all the DPs that can work together with CSOs and the private sector to make a difference in the lives of people.

The implementation of the STS is an urgent task as the smooth transition is important for the many dimensions of development cooperation available to Lao PDR. Even if now the proportion of trade to the EU and Canada is relatively small the requirements for preferential trade, especially to the EU, are very high. Therefore, the benefits received from preferential treatments should be acknowledged. UNDP stands ready to work with the Ministry of Industry and Commerce (MoIC), and others, to help the Government negotiate on benefiting from trade regimes for countries that are graduating from LDC status.

Concluding remarks and official closing

Ms. Sara Sekkenes, UN Resident Coordinator offered some reflections as remarks on what the meeting achieved. She emphasized the importance of the RTP as an inclusive platform to bring together representatives from governments, DPs, academia, NGOs and, importantly, CSOs and the private sector to discuss collectively the key development issues facing Lao PDR.

Strength and partnerships within and between all these different groups of stakeholders are crucial to a more effective development cooperation; to identify synergies and address overlaps and trade-offs to ensure better traction in the support of, and progress on, key national priorities.

Listening to the presentations and discussions, the UN Resident Coordinator congratulated the Government and MPI for the extent to which the frameworks

presented today reflect many of the critical and constructive comments made by DPs. She emphasized that the key now is to set these in motion with the implementation of their provisions.

On the matter of development financing, she commented that a number of different parties have important roles to play in the implementation of the 9th NSEDP financing strategy. Discussions are required with MPI and Mme. Phonevanh on how to ensure that a multi-stakeholder process utilizes the comparative advantage of each and every one of those who want to engage in this process, as there is abundant technical expertise and know-how on offer in the various action points that the financing strategy has identified. This has been translated into the specific call from the MPI for all interested DPs to consider supporting the Government and implementing this strategy in a coordinated and integrated fashion.

The Co-Chair highlighted the discussion on the resilience framework which covers priority actions to recover from the impact of COVID-19 and more recent shocks, as well as building resilience to future challenges. The Co-chair also underlined the need for strong partnerships within the various work streams identified and in other sectors. The prioritization of the most urgent actions to support greater resilience and faster progress towards the goals set out in the 9th NSEDP is the result of a year-long multi-stakeholder effort, reflecting consensus across many different partners.

Quality data, as was mentioned by several representatives, is crucial as the evidence base for the policies that will steer this development and ensure inclusive development for all.

What was echoed throughout today is that preparations for Lao PDR's graduation from LDC status are now well underway ahead of the expected graduation in 2026, yet are more complex since the process of preparing for graduation began in 2021. However, given Lao PDR's clear commitment to continuing to make progress despite these challenges, the co-Chair believed that responsibility falls to all DPs to provide as coherent and effective support as possible to help achieve this long-set milestone of a smooth transition to graduation. Responsibility for the implementation of the actions identified lie across a range of government ministries and departments and will only be possible with the support of a similarly wide range of partners, including civil society and the private sector. Gender considerations must also be reflected throughout to ensure that a strong voice from women and girls, and all walks of life, is represented.

At the same time, she mentioned that the STS presented today also relies heavily on continued and timely engagement with key stakeholders to ensure that key issues are identified, and then addressed appropriately, to achieve a graduation that is smooth, sustainable, high quality, and irreversible.

In terms of effective development cooperation, the structures and processes under the RTP have valuable and important roles to play in bringing all stakeholders together at various levels to jointly find ways to address key issues. Periodically reviewing the

machinery of these structures and processes is also essential to ensure that they are fit for purpose and adapt with changing realities. Therefore, the commitment emerging from this meeting to take forward a process of updating these structures will be an important priority in the coming months leading up to the retreat as announced in the presentations.

Ms. Sekkenes as co-Chair of the meeting expressed her thanks to the Government of Laos and all distinguished participants for coming together to make this 2022 RTIM possible.

Closing remarks from H.E Mr. Khamjane Vongphosy, Minister, Ministry of Planning and Investment

First of all, The Minister extended his appreciation to all participants for their constructive discussion, frank feedback, and exchange of ideas. The Minister reiterated the success of the RTIM 2022 which reflected the spirit of the Round Table Process of SWGs. As the chair of this meeting, the Minister expressed his sincere gratitude to the co-chair Ms. Sara Sekkenes, UN resident coordinator, for her insightful remarks and last comments during the meeting.

To pick up from what had been agreed from the meeting, given the comments and feedback throughout the day, the Minister added some more inputs at the closing stage of the event, as follows:

- **First**, we will continue to work together on implementing the 9th NSEDP, through the 2023 action plan to achieve the targets set.
- **Second**, there is a need to mainstream the STS into the 2023 action plan and to look beyond 2026 for LDC graduation. There are still a lot of resources that are needed in order to implement the STS: to invest in the development of human resources that guarantee quality of life, to improve the enforcement of laws in and cement the rule of law, and also to minimize the disparity of development between urban and rural areas. There is a need to take into account the best interest of women and children, particularly girls; eliminate the use of violence against women and children; and to solve poverty. There is also an agenda to build the competitiveness of the domestic private sector by government through creating a conducive environment for business.
- **Third**, the effective implementation of the financial strategy is key to maintain the momentum of the 9th NSEDP implementation. We therefore encourage all DPs to support the designated lead agencies from the government to implement the actions in the financing strategy.
- **Fourth**, start implementing the Lao PDR resilience framework to achieve in an integrated manner, and ensure the alignment of, the 9th NSEDP, the SDGs, the financing strategy, and the LDC graduation strategy.

- **Fifth**, we need to continue strengthening the implementation of natural disaster prevention and preparedness. We must improve the early warning system, risk education, rescue and emergency training, as well as practice emergency drills to reduce the impacts of disaster-related risks and to support vulnerable communities.
- **Sixth**, we commit to continue implementing effective development cooperation through the mechanism of the Round Table process, Sector Working Groups, and the implementation of the Vientiane Declaration Country Action Plan 2016-2025.

The Minister also added that in 2023, several key important milestones that the country will need to achieve include, among others:

- Mid-term review of the 9th NSEDP;
- Review of the national agenda implementation;
- Efforts to skill-up to host the ASEAN submit in 2024;
- International obligations that need to be fulfilled with bilateral and multilateral partners.

Lao PDR will not be able to succeed in these tasks alone and still needs the support of development partners, among other key stakeholders. The Minister confirmed that the results of the 2022 RTIM discussion today would be documented by MPI, on behalf of the RTP national steering committee and related parties, and reported to cabinet and before following-up the plan afterward.

In addition, the Minister requests relevant ministries, both central and local, as well as development partners, the private sector, INGOs, and CSOs to continue this dialogue with a spirit of stronger partnership, so that the dialogue could be translated into action on the ground. The contributions from all stakeholders will provide an important contribution to the implementation of the 9th NSEDP, the 2030 Development Agenda, and various international obligations that Lao PDR has signed-up to.

Finally, before closing the 2022 RTIM, the Minister representing the Chairman of the meeting would like to express his gratitude to the Ministers, Vice Ministers, Deputy Chairman of the National Committee, Deputy Governors, Ambassadors, Envoys, Development Partners, representatives of international organizations, Civil Social Organizations and the private sectors for participating in the meeting with such responsibility and hospitable manner. The Minister expressed his appreciation to the media and to the meeting staff of all parties who concentrated their efforts behind the scenes in preparing the round table meeting on this occasion to achieve the goals set.