



LAO PEOPLE'S DEMOCRATIC REPUBLIC

Peace Independence Democracy Unity Prosperity

Report on Round Table Implementation Meeting

Vientiane, 03 November 2009

**Ministry of Planning and Investment
Department of International Cooperation**

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I. Summary of key RTIM discussions

1. The Round Table process and overall socio-economic development

The Development Partners expressed their thanks and appreciation for the strong leadership of and ownership of the Government of the Lao PDR of the Round Table Process, as demonstrated by the presence at the RTIM of H.E. Bouasone Bouphavanh, Prime Minister of the Lao PDR, Ministers, Vice-Ministers and high-ranking officials from central and provincial government agencies.

Development Partners commended the Government for the excellent preparation for the 2009 RTIM, the quality of the background document, statements and presentations highlighting significant progress made, demonstrating the Government leadership of the development agenda and the coordination mechanism in particular to create a strong future for the Lao PDR.

The importance of the Round Table Process in general and the Round Table Implementation Meeting in particular was also acknowledged as an appropriate platform to prepare the groundwork for the high level Round Table Meeting in 2010 and Development Partners reiterated their full commitment and support for the mobilization of appropriate resources for the implementation of the development agenda within the seventh National Socio Economic Development Plan 2011-2015 (7th NSEDP).

There was strong recognition of the positive actions that the Government of the Lao PDR has taken to discuss in a transparent and open manner the issues and the challenges faced by all stakeholders, which has significantly enhanced dialogue, harmonisation and cooperation.

Development Partners also acknowledged and congratulated the Government on its ability to manage the effects of the global economic crisis and on progress made in several key areas listed below.

There have been significant macroeconomic achievements resulting from an enhanced regulatory environment and strengthened public financial management, as well as the proper management of the global economic crisis as directed by the Prime Minister, including timely measures taken with the support of Development Partners to manage its impact. Achievements have included the maintenance of macroeconomic stability, steady and robust economic growth within the implementation of the sixth plan, with a GDP average growth of 7.6% per year, GDP per capita in the FY 2008-09 of US \$906, low inflation rate and total investment reaching an average of 28.8% of the GDP per year.

Significant progress has been made in social developments such as poverty reduction, child health, primary education enrolment and work towards achieving the MDGs by 2015. This has resulted from progress and development on the sectoral level including health, education and rural development. Those achievements included:

- Poverty reduction 26%
- Primary school enrolment rate of 91.6%
- Adult literacy rate 78.5%
- Life expectancy at birth 64 years (Male: 62 and Female: 66 years)
- Infant mortality rate under one year of age 59 per 1,000 live births, under five years of age 75 per 1,000 live births
- Access to clean water 77%

Development Partners commended the Government on achievements in enhancing governance, improving transparency and efficiency, the approval of several new laws and decrees and the ratification of several international treaties.

Aid effectiveness also continues to improve with the strengthening of management to improve aid coordination at central and provincial levels, including the enacting of the ODA Decree number 75, strengthening the mandate of the Sector Working Groups, and the implementation of the Vientiane Declaration.

2. 7th National Socio-Economic Development Plan (NSEDP 2011-2015)

Development Partners strongly supported the overall strategic directions of the 7th NSEDP, the five identified objectives and supporting priorities. The focus on economic and social dimensions to achieve the MDGs was commended, and the importance of the Round Table Meetings and the Sector Working Groups in ensuring a participatory approach to the NSEDP preparation and implementation was acknowledged. The following key recommendations were made for the development of the 7th Plan:

- Involve all stakeholders including Government Agencies, the National Assembly Development Partners and Association in this process.
- Ensure the plan achieves robust, broad-based and quality growth that nurtures equity, job creation and income generation in a sustainable manner for the Lao PDR.
- Increase priority of selecting and approving FDI proposals that generate more sustainable jobs and incomes, transfer valuable skills and technology; and safeguard environmental assets, particularly those that can be used to generate more sustainable jobs and incomes.
- Investments across the resource and non-resource sectors need to be balanced and diversified.
- Selecting and approving quality FDI proposals that clearly contribute to achieving the most important goals in the 7th NSEDP.
- Promote more diversified economic activities, including a focus on small to medium enterprise in manufacturing, agriculture, farming and trade.
- Enhance and strengthen monitoring and evaluation as well as proper statistical management as an essential planning tool.
- Continue working towards regional and global economic integration, including WTO accession

3. Social developments and the MDGs

Development Partners commended the strong Government commitment to accelerate social development and their willingness to work closely with development partners to this end. Common efforts have resulted in significant achievements such as the decline of poverty to 26% of the population in recent years from 33.5% in 2002, and 46% in 1992. In addition, infant and child mortality rates continue to decline, enrolment and literacy rates at the primary age level have risen significantly and access to safe drinking water has expanded.

Despite the many achievements development partners recognised that there is room to do much more in order to further reduce the still widespread poverty and near poverty and address inequalities in social development, and made specific recommendations as follows:

- Ensure that MDGs are central to the 7th NSEDP and increase resources to achieve the MDGs, especially in the education and health sectors

- Strengthen focus on human development and social sectors to ensure economic growth reaches the greater population of the Lao PDR.
- Accelerate the implementation of the MDGs, including food security, better nutrition, reducing maternal and child mortality, reducing gender inequalities and addressing environment issues.
- Greater investment to benefit people in rural and remote areas.

4. Public Financial Management

The strong leadership of the Government in public financial management was acknowledged and applauded by Development Partners, and the development, approval and implementation of several laws and decrees to ensure improved and transparent financial processes was recognised. In particular, the Government's efforts to reduce off-budget spending were noted.

While development partners reiterated their broad support for public finance management sector, they recognised the need to increase attention to fiscal sustainability, increase domestic revenues and ensure strong budget allocations for health and education, especially at the local level. There is also a need to further maintain macro-economic stability by ensuring a manageable and sustainable budget deficit and domestic credit growth rate in the years ahead.

More specifically the following recommendations were made:

- increase sustainable public revenue, particularly from the resource sector;
- further rationalise public expenditure
- enhance financial management of public investment; and
- strengthen human resource capacity in the sector

5. Climate change

The impact of climate change on the social and economic security of the Lao PDR was highlighted and the importance of the upcoming conference in Copenhagen was noted. Development Partners commended Government efforts to date to address this issue as well as praised the Government response to Typhoon Ketsana, and emphasised that resources are available to assist developing countries address and manage the impacts of climate change.

The following recommendations were made:

- Increase resources to mitigate climate change with a greater focus on, and response to, climate change issues.
- ensure that the Government of the Lao PDR is in a position to be able to capitalise on international resources available to address climate change issues
- ensure greater involvement of the Government of the Lao PDR on climate change issues at the international level, including the upcoming conference at Copenhagen
- strongly and timely preparedness and response for the likely increase in natural disasters

6. Natural resource management

The Government of the Lao PDR and Development Partners recognised natural resources and land management as a key challenge for the country. Development Partners recognised the significant efforts of the Government in addressing natural resource management issues,

establishing institutional and policy frameworks, strengthening legal systems and opening dialogue with development partners and other stakeholders including the private sector.

The following recommendations were made:

- Transforming natural resource wealth into human resource wealth to ensure sustainable growth and development.
- As land remains fundamental to the well being of most people and families in Lao PDR as it remains the main source of incomes, livelihoods, and food security. Strengthened land policy, planning and management, and water resource policies, weighing up potential opportunities with potential challenges is needed.
- Increase the share of natural resource revenues to be invested in health, education, vocational training and human resource development
- Address growing land concessions in non-food crops that threaten livelihoods of small holder farmers as well as the nation's food security.
- Accelerate land titling, especially in rural areas to protect long-term socio-economic stability.
- Ensure strong inter-ministerial coordination on natural resource management, and provide a mechanism for dialogue. Development partners expressed support for much more frequent consultations on natural resource management issues, with the Round Table Processes.
- Greater transparency needed to maximize revenues to government treasury as well as secure other benefits for Lao PDR. This will also ensure sustainable use of natural resources with particular attention to environmental and social impact. In this regard, there is a need to continue to strengthen the transparency of governance processes

7. Advancing private sector development and enhancing the business environment

The business environment was recognised as a crucial in attracting quality Foreign Direct Investment, and was considered a key factor for development in the Lao PDR. Development Partners acknowledged the work of the Government in improving and enabling the business environment, and made the following recommendations:

- Many participants voiced strong support for the further development of domestic private business sector needed to generate more sustainable jobs and incomes.
- More transparency in foreign investment decision making process to attract higher quality FDI that could transfer valuable skills and technology towards the development of domestic private business sector including in food agriculture, manufacturing and processing, and sustainable tourism.
- Increase efforts to effectively implement existing and new laws and regulations which would also contribute to reducing transactions costs to doing business in Lao PDR.
- Enable and encourage private sector partners to work more closely with Government for the benefit of the country
- Streamline and simplify business procedures and regulations
- Increase business investment in higher education and vocational training

8. Governance

Development partners applauded government progress in advancing international Human Rights and domestic legal reform as reflected by the recent ratification of two core international human rights treaties as well as the approval of the Legal Sector Master Plan (2020). Many Development Partners also congratulated the Government for the leadership

demonstrated at the global level in agreeing to host next year's First Meeting of the State Parties to the Oslo Convention.

Key recommendations include:

- Build capacity to implement existing laws, rules and regulations.
- Integrate the international conventions into the domestic legal system for the benefit of the Lao people
- Ensure capacity support to realize the implementation of the new decrees on Civil Society Organizations.
- Develop a road map to support the implementation of the 7th NSEDP and strategic plan on governance to better guide policy, legal and institutional reforms in key areas.

9. Aid coordination and effectiveness

The improvement of aid coordination process was widely acknowledged by Development Partners, and has resulted from achievements such as strengthened Sector Working Groups, the implementation of the VDCAP, the ODA Decree and increasingly coordinated external assistance. The following recommendations were made:

- Enhance intra-government coordination at the central and provincial level as well between development partners
- Strengthen and create synergies across the eight Sector Working Groups
- Enhance the role of INGOs in the aid effectiveness process
- Enhance and ensure greater dissemination of detailed project information, quality statistics and data
- Ensure all parties align with the principles of the Vientiane Declaration.
- Enhance the implementation of the VDCAP

II. Proceedings of the Round Table Implementation Meeting 2009

The meeting was opened by H.E. Bouasone Bouphavanh, Prime Minister of the Lao PDR and chaired by H.E. Dr. Sinlavong Khoutphaythoune, Minister of Planning and Investment and Ms Sonam Yangchen Rana, UN Resident Coordinator and UND Resident Representative.

The meeting was attended by 292 participants, including Members of Parliament, Ministers, Vice Ministers, Vice Governors, high ranking officials from National and provincial levels, Ambassadors, Heads of Mission, high level Development Partner representatives and INGOs.

The meeting Agenda can be found at Annex 1.

The Government and development partner representatives have made several statements and presentations following the items on the agenda which were followed by intensive discussion and exchanges of views, including on the strategic directions and overall priorities of the seventh National Socio-Economic Development Plan (NSED 2011-2015) currently under preparation.

Statements and presentations are provided in the Annexes of the report.

1. Opening Ceremony

H.E. Dr. Sinlavong Khoutphaythoune, Minister of Planning and Investment extended a warm welcome to all participants, and noted that the meeting was honoured by the presence of the Prime Minister H.E. Bouasone Bouphavanh, who provided leadership and guidance for the Round Table discussions. He gave an overview of the Round Table Implementation Meeting, which is the key high level forum for constructive dialogue between the Government of the Lao PDR (GoL) and Development Partners.

H.E. Dr. Sinlavong Khoutphaythoune commented that several achievements have taken place since the last Round Table Implementation Meeting on 24 November 2008, including the implementation of several legal documents, institutional reforms and the facilitation of conditions for the eight Sector Working Groups in the implementation of ODA projects. These achievements have resulted in the three key outcomes of improving transfer of resource to the grass-roots level, improved aid effectiveness and transparency.

Development Partners have also fulfilled their commitments, which during the last fiscal year 2008-2009 saw the provision of assistance amount to USD 560 million, comprising USD 383 million in grants and USD 177 million in loans.

The Minister noted that the meeting was an important platform of which the main objective is to provide an opportunity for the Government of Lao PDR and Development Partners to continue to discuss the key issues, including on the Government side, presenting the key achievements of the implementation of agreed commitments, presentation of the draft of the 7th NSEDP and the resources required. At the same time the Government of Lao PDR was pleased to receive any comments from Development Partners on related issues. He hoped that the Lao PDR will continue to receive more support from existing and future Development Partners.

He expressed his thanks and welcomed everybody to the 2009 Round Table Implementation Meeting. He hoped that the meeting would be constructive and achieve successful outcomes. (refer to Annex 2)

Ms Sonam Yangchen-Rana thanked His Excellency the Prime Minister for honouring the meeting with his participation, congratulating His Excellency for his leadership, demonstrated by the country's many achievements over the past year despite the global economic and financial crisis, and thanked the Ministry of Planning and Investment for the organization of the RTIM.

Ms Yangchen-Rana highlighted the development of the 7th NSEDP and work towards achieving the MDGs, which will provide a common framework for the Round Table Meeting 2010.

She noted that recent progress has been impressive, with significant gains in poverty reduction, access to safe drinking water, declining infant and child mortality rates and increased enrolment and literacy rates. This has been underpinned by continued macro-economic stability, strengthened institutional development and increasing integration into the regional and global economy.

However, much more need to be done in food poverty and hunger, addressing inequality, child malnutrition, maternal mortality and education. Additionally, environmental assets must be managed to ensure sustainable economic growth, increased quality of life and human well-

being. There is a need for further improved governance in land, mining and forestry, including a review of land management policy. Urgent measures are also needed to reduce the country's vulnerability to the impact of climate change, including natural disasters.

A greater focus on the quality and sustainability of growth will be needed in the 7th NSEDP in order to achieve the MDGs by 2015 and graduate from LDC Status by 2020. This will significantly aid in eliminating malnutrition, which has the potential to add another 2-3% per annum to GDP growth – another \$3.3 billion by 2020.

Quality improvement Foreign Direct Investment (FDI) is also important, particularly in the area of natural resource management. Greater transparency will help further improve the quality of FDI to aid the transfer of valuable skills and technology and to contribute to the development of an indigenous domestic private sector that generates more sustainable jobs and incomes for Lao people.

Ensuring balanced and diversified investments in both the natural resource and non-resource sectors will better help ensure a diversified and balanced economy going forward.

Ms Yangchen-Rana urged RTIM participants to: offer innovative but realistic and practical suggestions to aid in the formulation of the 7th NSEDP; consider how we can all work together through the Round Table Process under Government leadership over the next 12 months to mobilize our collective efforts and financial assistance for supporting the implementation of the 7th NSEDP; and continue to support the Lao PDR under Government leadership to achieve the country's development goals. (refer to Annex 3)

His Excellency the Prime Minister welcomed participants to the 2009 Round Table Implementation Meeting, and commended Ms Sonam Yangchen Rana, the UNDP and Development Partners for their kind support and close collaboration.

H.E. the Prime Minister noted that the 2009 RTIM was taking place amidst an unfavourable external environment due to the global economic crisis, climate change and the spread of the H1N1 influenza. Additionally the Lao PDR has also been hit by natural disasters. These impacts have directly affected the Lao PDR's immediate and future development targets.

Development partners and international organizations have also experienced adverse impacts, and H.E. the Prime Minister considers that the RTIM is the appropriate forum for exchanging in-depth and constructive dialogue on how we can best deal with these impact and the emerging challenges to create enabling conditions for the Lao PDR to pursue its development path in a more consistent and sustainable manner.

H.E. the Prime Minister informed the meeting that the implementation of the NSEDP and the budget plan for 2008-09 that was readjusted during the last semester have attained their basic objectives, namely continued macroeconomic stability; robust GDP growth of 7.6 %; and steady progress in the social sectors.

These achievements have been a direct result of Government's policies and crisis management measures, the economic stimulus package and the response from the development partners. He expressed the heartfelt appreciation of the Lao Government to Development Partners for their strong support and commitment.

H.E. the Prime Minister noted that while significant positive results have been achieved, there remain a number of issues to be rectified as the growth still depends on household economy

and vulnerable small and medium enterprises. Economic development is also largely dependent on the exploitation of natural resources while the financing for development comes mainly from external sources.

These are the fundamental development challenges in the Lao PDR. For the fiscal year 2009-10, the Government has approved the annual NSEDP and budget plan to include pro-active and consecutive macro socio-economic development targets derived from last year. Work continues on preparation of the 7th NSEDP, which will outline directions aimed at attaining strong economic growth, achieving the MDGs by 2015 and exiting LDC Status by 2020.

H.E. the Prime Minister emphasized that the NSEDP in 2009-10 and subsequent future Plans will continue to focus the fundamental issues of poverty and underdevelopment. The plan will accelerate the efficient exploitation of natural resources and untapped domestic potential together with environment protection and sustainable development. In addition, the plan is drawn up for the country's participation in the Mekong Sub-Regional Integration and the ASEAN Community Building.

The Government must optimize the country's untapped potential through: increasing domestic funding through income generation into the State budget; capacity building for government officials and human capital; participation of public and private sectors in bolstering economic growth; upgrading of State apparatus' efficiency in connection with the elimination of wasteful expenditures and anti-corruption; increased efficiency in natural resource management and environment protection to ensure sustainable development. These are the priority directions and projects of the Government.

In order to achieve this, the Government recognizes the indispensable support and assistance of development partners, and H.E. the Prime Minister hoped that RTIM participants would make efforts to understand the realities of the Lao PDR and share candid and frank discussion with relevant Lao authorities.

H.E. the Prime Minister was pleased to note that past RTMs have been beneficial in forging mutual understanding and further deepening cooperation with development partners. At every RTM, the Government has been able to capture the essence of the issues and transform these into actions for improvement, which has resulted in more harmonious and constructive cooperation with development partners.

H.E. the Prime Minister asked development partners to use the 2009 RTIM forum to provide additional recommendations and advice in order to provide a strong base for attaining the MDGs and address the problems and constraints relating to ODA implementation while ensuring transparency and wide people's participation.

With regard to the implementation of Public Investment Programs, the Government has introduced additional measures to provide guidance to executive agencies and line ministries, imparting a greater sense of responsibility and strictly observing planning and finance disciplinary practice. The responsibility for realizing identified projects and to avoid extra-budgetary programs must be upheld. H.E. the Prime Minister urged line ministries and government institutions to be attentive to the views and recommendations made at the RTIM, and take those inputs back for case studies and policy improvement. This will enable favourable conditions and a sound environment for donors and development partners to fully interact with the Government.

H.E. the Prime Minister expressed his confidence that RTIM would be crowned with a resounding success as envisaged. He wished participants health and happiness and declared the meeting open. (refer to Annex 4)

2. Presentations, Joint Statements and Discussions

2.1. National Socio Economic Development Plan (NSEDP), Public Finance Management, and Impact of the Global Crisis

Presentations

- **Progress in the 6th NSEDP implementation and 7th NSEDP direction and priorities**
 - Presentation by H.E Dr Bounthavy Sisouphantong, Vice-Minister of Planning and Investment,
 - Statement by Mr Gil Hong Kim, Country Director, Asia Development Bank

- **Accelerating progress towards the MDGs**
 - Presentation by Mr. Saleumxay Khommasith, Director General Department of International Organization, Ministry of Foreign Affairs
 - Statement by Ms. Laila Ismail-Khan, UNICEF Representative on behalf of the United Nations Country Team.

- **Recent developments within Public Finance Management, impact of the global crisis and outlines of the National Budget for FY 2009-10**
 - Presentation by H.E. Mr. Somdy Douangdy, Minister of Finance.
 - Statement by Mr William Rex, Lead Country Officer of World Bank in Lao PDR.

Discussions

The European Commission

The EU is one of the most important development partners of the Lao PDR, and also one of its most important trade partners. The EU highlighted five key issues based on lessons from ongoing support initiatives:

- 1) The commitment to development is a shared responsibility. While the EU is ready to extend their support, there is a potential for significant financial risks and increasing aid dependency resulting from unrealistic expectations of sharply increasing ODA.
- 2) Human development is grounded in human rights. The EU welcomes the progress Lao PDR has made in recent years regarding the adaptation of national legislation to reflect international human rights conventions. The EC encourages the GoL to continue promoting the rule of law and good governance and are ready to support the GoL in these efforts.
- 3) Development can build on active communities and civil society. The EU welcomes the endorsement of the Decree on nonprofit associations, supports the ongoing work on the Decree on the regulation of INGOs, and acknowledges the recognition of non-state actors in the VDCAP. The EU strongly encourages the acceleration of implementation of the Decrees.
- 4) The Government of the Lao PDR and partners face new challenges. The EU wishes to support the Government in UXO clearing efforts and applauds the leading international role taken on this issue by the Government. The global financial crisis has had less of an impact than anticipate, but demonstrated the country's vulnerability to external shocks. Climate change, and related issues such as natural disasters have demonstrated the importance of sensibly developing environment and land management, agriculture and human infrastructure, and significant efforts are required to achieve this.

- 5) The EU aligns to coherent, coordinated and efficient aid. The EC will continue to provide capacity development support to the Department of International Cooperation in MPI, strengthening the Department's pivotal role for ODA coordination and management.

The EC wished the 2009 RTIM fruitful discussions and good outcomes, and highlighted that they saw a clear roadmap ahead as the country finalizes its preparations for the 7th NSEDP and continues works towards the Round Table Meeting in 2010.

Japan

H.E. the Ambassador of Japan noted that Development partners including Japan should continue to encourage economic reform efforts made by the Lao Government and offer as much cooperation as possible. Climate change should be addressed as a priority area because it has a significant impact on human security of the most vulnerable people in the Lao PDR. The Ambassador noted that Japan is willing to cooperate with the Government and other development partners to tackle this major issue.

The Ambassador was pleased to see the increase in primary education enrolment and reduction in childhood mortality thanks to efforts of the Government and development partners, but noted there were still a number of challenges to face, including the highest maternal mortality rate in the region, which is being addressed through the Maternal, Neonatal and Child Health Strategy.

The Government of Japan will continue to provide assistance to achieve the goals on the Government of Lao in health and other sectors, and has started to support projects in this area in the four southern provinces of Laos. The Ambassador recommended keeping targets unchanged for 2008-09, and is delighted to support these efforts through extending "the Budget Strengthening Support Loan" worth 1.5 billion Yen.

However, the Government of Japan would like to encourage the Government of the Lao PDR to ensure sound fiscal management through strengthening financial programs. The Government of Japan is currently supporting two technical cooperation projects in this area.

Republic of Korea

H.E. Ambassador of Republic of Korea congratulated the Government of the Lao PDR on their hard work in dealing with key socio economic issues. The Ambassador noted that as a nation that has transformed itself from a recipient to a donor country Korea recognises the importance of ODA, and that is why they are increasing their support, particularly in rural development, health, education. This year as seen the Korean Government provide USD 10 million to build the first national children's hospital in the Lao PDR, amongst other projects bringing the total aid provided by the Republic of Korea to the Lao PDR to USD 33 million.

The Korean Government will continue to work with the Government of the Lao PDR in order to continue generating momentum to achieve the MDGs, and made two recommendations:

- 1) Ensure ownership of the process by the Government of Lao and undertake extensive capacity building. The Ambassador applauded the Government of the Lao PDR for continuous efforts in ownership through the 6th and 7th NSEDP processes. In order to undertake this, Government salaries must be enhanced, savings and development must be increased.
- 2) There is an urgent need for better coordination within the Lao Government. Coordination between line ministries must be improved so that donor countries have a better understanding

of the needs and requirements of the Government of the Lao PDR, and hence a better understanding of the requests made. In this respect, the Ambassador recognised the new ODA decree and the benefits it will have in improving consistency and coordination.

The Ambassador noted that Korea is willing to be actively and constructively involved in 6th and 7th NSEDP.

Australia

Mr. Moore highlighted the remarkable progress of the last five years, including the growth and development that is clearly evident in Vientiane and the regions. The challenge now is to accelerate jobs, health, education, nutrition, and roads. He acknowledged the rising competence and commitment of senior officials in the Government service and within the Government itself, noted the high quality documentation that was provided for this year's meeting. Mr. Moore was struck by the Government of the Lao PDR's willingness to talk frankly about challenges, including childhood mortality and the gender gap.

A substantive reform agenda has been progressed. Well founded sectoral frameworks are being put in place and Australia is involved in two of these. There is increasing and overdue attention being given to improvements to business environment, and this will need to gather pace. Mr. Moore noted that the Government of the Lao PDR is taking an appropriate role as a regulator, which is good for business, investment and balanced social outcomes. He was pleased to see the involvement of NGOs in the process.

Mr. Moore highlighted the need to capitalise on the good work already done, acknowledging that there is much work to do and more money will be needed to do it. However a sense of realism will be required in terms of determining internal resources, ODA and foreign and direct investment. There are five measures which are important to maximise volume and effectiveness:

- 1) A coherent realistic costed and prioritised NSEDP.
- 2) Strong public financial management, including broadening and deepening the tax base, and distributing funds where it will be most productive.
- 3) Improved progress in business environment – this is essential
- 4) Continuation and diversification of the current outward-looking development approach. The Government of the Lao PDR should continue to look outward for ideas and take best the world has to offer.
- 5) With respect to aid effectiveness – development partners need to do their best to work with the Government of the Lao PDR, to harmonise procedures and prioritise in accordance with Government priorities.

United States of America

The Ambassador of the USA highlighted that the USA supports the Government of the Lao PDR in its efforts to open and integrate its economy. Strong legal and regulatory frameworks are necessary to attract investment and this is the key to sustainable growth. The USA focuses attention on health and infectious diseases, as well as supporting UXO removal and the victims of UXOs.

In the future the US will place greater emphasis on multilateral and regional initiatives, and noted Senator Clinton's recent visit to the lower Mekong Initiative. Health, climate change and education are also key areas.

The Ambassador of the USA agreed with the comments made by several development partners, noting that there are a range of challenges and opportunities. The USA encourages enhanced coordination and cooperation between the Government of the Lao PDR and development partners, and wishes to support the Government so that all people of the Lao PDR can enjoy the benefits of development.

IMF

The IMF discussed global economic developments and outlook, noting that there are increasing signs of a slow recovery, and noted the impacts of the global economic crisis on the Lao PDR. The IMF expects Lao PDR growth in the range of 4½–5 percent in 2009–10, and recommended addressing emerging risks to macroeconomic stability resulting from a sharp increase in public investment and rapid growth in credit.

The IMF noted that attaining the goals of poverty reduction and graduating from low-income status requires that the gains made in restoring macroeconomic stability and reducing external vulnerability be preserved to provide a solid platform for the 7th NSEDP. A number of suggestions were made, including that: additional measures may be required to raise additional revenue or adjust the expenditure plan in order to achieve the intended fiscal consolidation; rein in credit expansion to more reasonable levels; and address risks to the banking sector.

The need for a broad structural reform agenda was highlighted, and continued momentum on key reforms was emphasised.

The IMF thanked the Government of the Lao PDR for the opportunity to participate in the RTIM, and underscored its continued commitment to providing the Government with the best possible policy advice and support in the period ahead

2.2. Sectoral Development, Economic Sectors' Issues and Perspectives

Presentations

- **Agriculture and Forestry**
 - A joint statement by H.E. Mr. Sitaheng Rasphone, Minister of Agriculture and Forestry on behalf of Chair and Co-chairs of the SWG: Ministry of Agriculture and Forestry, AFD, SDC and SIDA
- **Business Climate and Investment Environment in Industries and Trade**
 - A joint statement by H.E. Mme Khemmani Pholsena, Vice-Minister of Industry and Commerce on behalf of Chair and Co-chairs of the sub-SWG: Ministry of Industry and Commerce, Australia and GTZ.
- **Infrastructure**
 - A joint statement by H.E. Mr. Sommad Pholsena, Minister of Public Work and Transportation (MPWT) on behalf of Chair and Co-Chairs of the SWG: MPWT, Japan and ADB

Discussions

Japan

The Ambassador of Japan commented that private sector improvement is likely to play a key role in boosting the economy and encouraged the Government of the Lao PDR to continue to take actions to improve the investment climate, particularly in the manufacturing sector to help jobs and transfer knowledge, skills and technologies to domestic industries. The Ambassador of Japan noted two key areas:

- 1) With regards to infrastructure, the Government of Japan hopes that the Government of the Lao PDR will demonstrate ownership across all project stages.
- 2) Improved social infrastructure, including cross-border transfers should be accelerated to attract more investment into Lao.

France

The Ambassador of France congratulated the Government of Lao PDR for their achievements as well as the Agriculture and Natural Resource Sector (ANR) for working together to face challenges. Increasing efficiencies and effectiveness of ODA by working closely with stakeholders will help address these challenges. He noted that Lao PDR agriculture is now better connected to regional and international markets, giving more opportunity to diversify and boost incomes.

The Ambassador noted that land concessions and conversion of agricultural land for non-food crops raises a number of concerns. It cannot be realised as an alternative to managing the environment and ensuring the economic security of the family-based unit. Family-based agriculture is providing food security for many Lao households, and food production must be ensured to enable sustainability which can enhance national development.

There is a need for high standards in order to connect to markets successfully, hence investment is being concentrated in regional areas. In addition to traditional seed, fertiliser and pesticide support, Lao farmers need continuous training and education to become

professional farmers and to develop capacity to take advantage of opportunities. It is important that Lao farmers maintain rights to land, food security and a decent livelihood.

The Ambassador congratulated the Minister of Agriculture and Natural Resources as well as other agencies involved in the ANR Sector Working Group for their willingness to work together to face these challenges. He strongly encouraged the SWG to continue their hard work as the sector needs to support and accelerate their work for the Lao PDR. This needs to be reflected in government commitments, priorities and budgets.

Switzerland

The Ambassador of Switzerland thanked the Government of the Lao PDR for organising the 2009 RTIM. He noted four points the following points of growing international concern - food production, environment, and climate change.

- First, he shared the concerns raised on the current unprecedented scale and speed of land acquisition and conversion in Lao PDR, induced by a surge of investment in energy, minerals and agricultural commodity production. The fragile and only just achieved national food security could be jeopardized by this man-made pressure on natural resources. Switzerland strongly advocates that policies intended to provide development orientation for next five years carefully assess the trade-offs arising from land hungry investments and secure the livelihoods of smallholder agriculture.
- Secondly, he noted his appreciation for the idea of the decade “Investing in farmers”, as the rural people are indeed one of the assets of the Lao agrarian nation. The benefits of investing revenue gained from natural resources, from mining for instance, into farmer education and training, irrigation, credit systems or marketing could bring about more intensive production and diversified value chains which would help to accelerate poverty alleviation and reducing hunger.
- Thirdly, he underlined the importance of having active farmer organizations to source production inputs, manage irrigation, and negotiate agreements and to take care of the common interests of their communities. He indicated his hope that the future strategy for rural development would put emphasis on supporting the emergence of such organizations.
- Last, he reiterated once again Switzerland readiness to support the agricultural census. The information which it will generate is deeply needed to forge evidence based policies for future sector development. Switzerland hopes that other development partners investing in the sector can join the effort to close the funding gap.

India

The Ambassador of India highlighted the sincere and honest commitment of the Government of India to work with the Government of the Lao PDR in meeting their goals.

The Ambassador noted the macroeconomic targets and goals for the 7th NSEDP, and suggested that sector priorities in the plan need to be defined could have matching incentives to lead to a clearly understood and publicly available economic policy.

He noted there is a considerable focus on the SME sector. However given the importance of SMEs to economic growth, development, promoting private entrepreneurship and energies and encouraging their engagement in economy at all levels including the village level, perhaps there could be greater focus. A clear policy framework to enrich the private sector, as well as articulation of policies and procedures would be highly useful. Self employment schemes and promotion of local industries would also play a useful role in poverty alleviation based on available local resources.

It was recommended the Lao PDR private sector look beyond the Lao PDR border to capitalise on opportunities.

The ambassador welcomed regular consultations between the Government and Development Partners who have a stake in the challenging economic sector.

Germany

The Ambassador of Germany presented condolences to victims of Ketsana and noted that the German Government has committed USD 120,000 for two assistance programs and are also considering donating to the UN flash appeal. As the French Ambassador had already explained the principles guiding the EU, the Ambassador stated that he will focus on GTZ activities – agriculture, forestry and environment, small to medium enterprise, infrastructure and vocational training. There has been intensive debate in the last few weeks that demonstrates they share the same positive view about future development challenges for Laos. Although starting the process earlier would have been beneficial, it has been assisted by the preparation of an excellent background paper.

The Ambassador mentioned concerns raised by Germany at the 2008 RTIM about the marketing of agricultural products and the rural development assistance that is needed to deal with the economic crisis and be a shock absorber for it. These issues still deserve Government attention. The

The Ambassador noted the dangers of contract farming, rent type activities in the development of small to medium enterprises in the times of economic crisis and in the impact of livelihoods in the Lao PDR. The Background Paper, Asia Development Bank and the World Bank have already highlighted these issues. He noted that there is potential for opening up land to the private sector, but this may provide inadequate frameworks and not protect the poor.

Climate change talks are beginning to intensify both internationally and in the Lao PDR. Germany has committed 10 million Euro to climate change in the country, and more money can be expected from Germany and the EU for countries focusing on climate change activities. The Ambassador of Germany regretted that Germany was not able to make a joint statement on all topics in the agenda.

UN Agency

The FAO representative congratulated the Government on its commitment to high levels of growth through trade and private sector development in particular, while placing increased emphasis on the social sectors. He stressed the importance of promoting policies and programmes that will ensure that the poor and most vulnerable communities of the country fully benefit from the development and growth process.

He noted trade is becoming an increasingly important sector of its economy as the Lao PDR continues to integrate into ASEAN and the rest of the world. However, not all forms of trade have the same benefits. Some have a direct and immediate impact, such as cross-border trade, trade in services, and the garment sector, which contribute to the creation of jobs and provide substantial sources of income for the poor. Other forms of trade have an indirect impact which is contingent upon the formulation and implementation of appropriate policies and programmes.

In order to maintain stability and pro-poor growth, it is important to proactively ensure that investments are diversified. Greater investments in food agriculture and food processing are

particularly important in this regard to enhance food security and capitalize on the rising trend in global food prices. Likewise, high quality and domestic private sector investments, preferably in industries and services, are critical both for the industrialisation of the country and poverty alleviation.

Promoting a dynamic SME sector across the country as well as comprehensive employment planning and labour policies, will be an important priority for the next 5-year plan. The United Nations stands ready to assist the Government in these important areas.

Australia

With regards to the business and investment climate, Australia noted the progress and improvements the operating context for the private sector. Important challenges lie ahead for the Lao PDR to enable the private sector to reap the rewards of these policy reforms.

As the global economy recovers, the Lao PDR must position itself for high quality investments, through consistent and transparent process and a strong policy environment. Australia encouraged the Government to ensure that all investment is sustainable and provide long term benefits to all the people of the Lao PDR.

Republic of Korea

The Ambassador of the Republic of Korea thanked the Government of the Lao PDR for the 2009 RTIM. With regards to trade, the Ambassador recommended the Government of Lao continue efforts in WTO accession, including integrating into trading systems and reforms of procedures in line with international standards. Korea encouraged the Government of the Lao PDR to participate in the work meeting and aim for the earliest accession to the WTO

- **Social Sectors' Issues and Perspectives**

Presentations

- **Education**

- A joint statement by H.E. Mme Sengdeuane Lachanthaboun, Vice Minister of Education on behalf of Chair and Co-chairs of the SWG: Ministry of Education, Australia and UNICEF

- **Health**

- A joint statement by H.E. Dr. Ponmek Dalalay, Minister of Health on behalf of Chair and Co-Chairs of the SWG: Ministry of Health, Japan and WHO

Discussion

Luxembourg

The Ambassador of Luxembourg congratulated the Government of the Lao PDR on their successful organisation of the 2009 RTIM, the implementation of the MDGs and their success in public health. With regards to hospital infrastructure, training and medical equipment there is a need for a health sector support program with strong coordination, for example with Belgium, joint cooperation with France and of course WHO, UNFPA and UNICEF, who support and complete the bilateral programs.

The Ambassador recommended a focus on strengthening HR capacities and the launch of a tourism strategy with the aim of high quality services. During the financial crisis Luxembourg continued in its contributions to ODA in the Lao PDR, and noted that there is a 30-year history and program of cooperation in the country.

WFP

The WFP representative highlighted that food insecurity and malnutrition are crucial aspects in the development process for the Lao PDR. The UN commends the government for its leadership in nutrition, with the signing of the National Nutrition Policy and in coordinating all the efforts in developing a National Nutrition Strategy and National Nutrition Action Plan. This sets an example to other countries. The Action Plan includes a comprehensive list of activities by sector to be implemented by 2015. Collective efforts are now needed to see the implementation of the plan become a reality.

It is necessary to focus on the ‘continuum of care’ from maternal to under five nutrition and to ensure an equitable response so that people living in the most remote communities benefit. An integrated approach needs to be pursued to have a lasting impact, covering health, education, agriculture, water, sanitation and rural infrastructure.

The WFP welcomes the engagement and leadership of the Ministry of Health, including in the coordination of the inter-sectoral effort, with the support of the National Science Council. In view of the scale and significance of this issue and need for sustained and concerted action, the WFP proposed that Food Security and Nutrition be added as a separate agenda item under Cross Cutting Issue in the Round Table meeting in 2010 and beyond.

Australia

As co-chair of the Education Sector Working Group, Australia highlighted the excellent achievement of finalizing the education sector development framework and the productive process by which it was produced largely because of the leadership and ownership of the Government of the Lao PDR. Mr. Moore noted the achievements of increasing enrolment in schools, increased school-related construction and the increased girl: boy ratio. Australia noted the need to increase overall resources to the sector (including Government resources), and to this end Australia will almost double its support to the sector. Australia hoped other development partners would join them in supporting the Government of the Lao PDR.

Japan

The Ambassador of Japan drew attention to: encouraging the Government to increasing the health sector budget, particularly for maternal and child health; increasing the number of high quality staff to be deployed in much needed places to help address the maternal mortality rate; strengthen the sector wide approach in health sector to make it more effective to improve health development; increase the budget of the education sector and increase the number of teachers. The Government of Japan will continue to cooperate with the Government of Lao PDR to address these issues through development assistance.

Singapore

The Ambassador of Singapore thanked and congratulated the Government of the Lao PDR for their impressive achievements to date as well as the impressive targets set for the future. The Ambassador noted that similar to Singapore it is possible to a higher value-added economy. Earlier, the improving economic climate, attracting investors, the need for transparent laws and a strong and effective public sector were discussed. In Singapore’s development experience a key element was human resources, with a focus on basic education and vocational skills. Without this, achieving the goal of moving to a higher value-added economy would have been almost impossible. As many other countries in the region have achieved this, it will be even more challenging for the Lao PDR to do so.

The Ambassador noted it was pleasing to see the commitment of the Lao PDR. Given the goals set, it will be crucial to have adequate investment in education, particularly because of

the youthful demography of the Lao PDR. The Singapore Government and NGOS are committed to working with the Government of the Lao PDR, particularly in human resource development and education.

European Commission

The Head of the EC thanked the Government of the Lao PDR for organising the RTIM. With regards to MDGs, the EC stresses the need for Government to improve collection and dissemination of data to help informed decision-making. The EC was pleased to see the proposal to strengthening statistical and planning capacities, and encouraged continuous dialogue between Government and development partners to provide disaggregated data.

2.3. Cross cutting Issues and Perspectives

Presentations

- **Governance**

- A joint statement by H.E. Mr. Khammoun Viphongxay, Vice Chairman of Public Administration and Civil Service Authority on behalf of Chair and Co-Chairs of the SWG: Ministry of Justice, Public Administration and Civil Service Authority, UNDP, EC and SDC

- **UXO and Cluster Munitions**

- A joint statement by Dr. Maligna Saignavongs, Chief of Cabinet of National Regulatory Authority on behalf of Chair and Co-Chair of the SWG: National Regulatory Authority and UNDP

- **Drugs**

- A joint statement by Dr. Bounpone Sirivong, Deputy Chief of Cabinet secretariat of the Lao National Commission for Drug Control on behalf of Chair and Co-Chairs of the SWG: Lao National Commission for Drug Control, United Nations Organisation for Control of Drugs and Crime, Japan and Australia

Discussion

European Commission

The EC representative highlighted three sectors that were of significant interest for the commission: 1) Governance and expanding the role of civil society. The EC has heard many discussions today on the growing importance of governance in natural resource management and hopes that there is a growing capacity for transparency and sound decisions. A likely issue in the future is the establishment of district councils which will help increase community engagement. 2) Mainstreaming UXO policy into NSEDP which will facilitate donor support. The EC will look at stepping up support in this area. 3) The fight against drugs and the development of alternative livelihoods. The EC looks to support this issue through enhancing joint programs, specifically on issue of ex-opium farmers.

INGO network

The INGO network representative read out a statement during the discussions.

A summary of the statement is as follows:

The INGO Network, which represents more than 60 member organisations, congratulates the Government for creating greater civil society engagement in the development of the Lao PDR. INGO welcomes the Prime Ministers Decree on Civil Society Organisations and the Covenant on Civil Rights. The Prime Minister's Decree will allow citizens to have a greater contribution to their own development including the MDGs and strategies for poverty eradication, as well as provide for a vibrant civil society.

CSOs will require intensive support and accompaniment to help them achieve greater participation. Partnerships must be developed to give Lao CSOs the space and support they require and to assist the Government in meeting requirements in the Vientiane Declaration and the Accra Agenda. The members of the INGO Network believe these partnerships should

include International NGOs, many of whom have extensive experience in supporting the development of local civil society, and are therefore well positioned to provide this support.

INGOs continue to play a role in supporting the Government, delivering more than USD 30 million in assistance each year. To manage this requires a clear regulatory framework and the finalisation of the INGO Decree. In addition to that, modes for cooperation between the different partners, including CBOs, NPAs and INGOs need to be formulated and enabled. While there has been significant progress, more work needs to be done continue providing administrative and regulatory improvements to enhance these initiatives.

It was noted that the potential for CSOs and INGOs to contribute to the development of Laos is enormous, but will need support, and the INGO's ask all development partners and the Government of the Lao PDR to consider how to promote CSOs within the country. SWGs were urged to find ways of formalising Lao PDR CSOs and INGOs in their deliberations.

The members of the INGO Network are committed to providing continued support to Lao PDR CSOs, as well as assisting the government in achieving the MDGs.

UNFPA

The UNFPA representative congratulated the Government on progress in human rights, including ratifying two additional covenants: the International Covenant on Civil and Political Rights and the Convention on the Rights of People with Disabilities. This made the Lao PDR a state party to the main international covenants providing protection for all human rights in the civil, cultural, economic, political and social spheres. The Lao Government also participated successfully in the meeting of the Committee monitoring the implementation of the Convention on Elimination of All Forms of Discrimination Against Women (CEDAW).

While ratification was an important first step, it is now critical to accelerate translation of the provisions of these conventions into national laws and to ensure that they are implemented for the benefit of all Lao people. For example, at the CEDAW session, progress made toward gender equality was acknowledged. At the same time, many areas that require further attention were also identified, and the Committee requested the Government to report progress on two priority issues, migration including trafficking and Gender-Based Violence, by 2011.

UNCT reiterated its support to the Government in further strengthening the legal and policy frameworks, the monitoring and reporting mechanisms on human rights and gender equality as well as the national capacities towards ensuring the protection for women and children who are particularly vulnerable in times of rapid socio-economic changes.

Switzerland

The Ambassador of Switzerland congratulated the Government on their ratification of the Oslo Convention and praised their leadership and the leadership of the NRA. The process was inclusive with valuable opportunities to express views. The Ambassador noted that the Oslo convention provides opportunities to the Government to receive more donor support. He underlined that a proper budgetary allocation to the sector from the Government would give a strong signal to existing and potential donors on the importance assigned to this sector and would confirm the Governments' intention to take over increasing responsibilities, including the co-financing, in this sector.

On governance, the Ambassador of Switzerland shared his appreciation to have this topic included on the agenda of the RTIM this year. Governance, a sector where Swiss Cooperation is very active, is in his view an integral part of the national socio-economic development agenda of the Lao PDR. Without effective, accountable and transparent delivery of services, without meaningful participation of the population in decision making processes, without a reliable and well-developed legal framework, and without transparent management and redistribution of the resource based-income, socio-economic development is unlikely to benefit to the majority of the Lao population. The Decree on CSOs opens doors to take the next steps on this issue. The Ambassador of Switzerland noted that Switzerland is ready to assess ways to further support the Government of the Lao PDR.

Japan

The Ambassador of Japan congratulated the Government of Lao PDR on the ratification of the Oslo Convention. The Government of Japan has been working with the Government of the Lao PDR through various cooperation schemes, including a number of grant assistance schemes. They are pleased to make further contributions, but would like to point out that division of roles and ownership between different organisations (NRA, UXO, Lao and Ministry of Labor and Social Welfare) is not clear and there is a need to improve information sharing and closer coordination.

Luxembourg

The Ambassador of Luxembourg highlighted that funds seized in drug cases go into a fund for fighting drug trafficking, and that this funds some of the UNODC activities.

ADB

With regards to public sector management the ADB noted that it was difficult for single agencies to tackle this kind of sophisticated issue. Government agencies have many meetings but there are still problems in coordination, and there is a need to address this issue.

ADB noted that many government issues are related to implementation and capacity at the local level. Development partners provide various capacity building exercises, but according to an ADB assessment there is still much room for improvement. A more systematic and progressive capacity development approach is needed. ADB suggested linking public sector development to education, and highlighted that it is difficult to train government officials through short-term training. A more systematic approach to build capacity within the public sector by linking education and vocational training is required.

- **Natural Resource Management**

Presentation

- Presented by H.E. Mme. Khempheng Pholsena, Minister to the Prime Minister's Office, Head of Water Resource and Environment Administration (WREA) and H.E. Mr. Somboun Rasasombath, Vice-Minister of Energy and Mines.
- Statement by the World Bank

2.4. Aid Effectiveness and Donor Coordination: the way forward

Presentations

- **Outcomes of Provincial Conference in Xayabouly and Update on the VDCAP**
- A joint statement presented by Mr Somchith Inthamith Director General, Department of International Cooperation, Ministry of Planning and Investment on behalf of The VDCAP Secretariat: Ministry of Planning and Investment/DIC, UNDP and EC

Discussions

Australia

Australia noted that from today's meeting we can see today the Government of Lao PDR has kept its end of the bargain. The VDCAP is an important tool and Australia believes development partners need to do better to aid in its implementation, similar to the progress made by development partners in Vietnam. Australia noted that 2010 will be a very important year because of the development of the 7th NSEDP. There is a need to agree on the agenda and documentation early and make the most of the opportunity it presents.

Germany

The Ambassador of Germany was grateful that natural resource management was included in the agenda because it is important, and was encouraged by statements from WREA and the Ministry of Energy and Mines.

France

The Ambassador of France thanked all participants, as well as development partners and ministries from last session on their well designed papers. Climate change is one of the most major strategic topics in the world and all governments are now busy preparing for Copenhagen. For the Lao PDR climate change is a challenge and great opportunity for its development and for international relations with donors. The Ambassador of France thanked the World Bank for their well drafted paper which covered many important issues. France strongly supports the dialogue between the Government and development partners on this issue and would like dialogue to be well coordinated and possibly included in the RTIM process.

European Commission

EC supported the comments made on aid effectiveness and natural resources, particularly the comment from Australia on the way forward, including emphasising the commitment from development partners. With regards to natural resource management the EC is one of the key partners in the governance sector and therefore sees it as very important promote best practice in sector. EC considers there are opportunities for the Lao PDR to benefit from the climate change agenda which will become more important in the future. EC recommends dialogue on natural resource management, including bringing this to the operational level in the run up to the RTM 2010.

Australia

Australia commends WREA and the Ministry of Energy and Mines on their presentations. Australia supports the donor statement and was pleased that the issue has been included in the 2009 RTIM. Natural Resource Management is a critical challenge for Laos over the next few years and Australia is already assisting the Government of the Lao PDR to meet this challenge, particularly in improving water resource management through MRC and WREA, and is considering support with the World Bank on building capacity in the Ministry of

Energy and Mines. Australia looks forward to continuing the high level dialogue with the Government on this issue.

DP suggestions regarding the 2010 Round Table Meeting

The Minister of Planning and Investment asked participants if October or November would be better for the RTM, and also sought comments on topics to include in the agenda.

Germany suggested that the 2010 RTM not be held in December.

3. Conclusion

Concluding Remarks

by Madam Sonam Yangchen Rana

UN Resident Coordinator and UNDP Resident Representative

Ms Sonam Yangchen Rana noted that it had been a rich full day, and it would not be possible to summarise the whole day as it would be too much. The convergence of views was remarkable, and clearly reflects the strong partnerships developed over the past decade. Ms Yangchen Rana encouraged the Ministry of Planning and Investment to complete the 2009 RTIM meeting report quickly.

She noted that the meeting was a central point to take the Government and development partners through to next year. It was an important meeting because of preparations for the upcoming 7th NSEDP.

The Government was to be commended on a much more participatory process with open dialogue this year, which was not the case four or five years ago. This year, there had been a real sense of acknowledgement of this from the Government of the Lao PDR and development partners.

Key important issues that were raised during the meeting included the:

- need to have an environment conducive to growth and human development
- importance of private sector and sustainable development
- strengthening of public finance management and budget issues for social sectors and fiscal sustainability, and the need for this to be converged with planning process
- importance of human resources
- underpinning issues of governance and legal institutional frameworks as well as gender equality
- need for reliable data

Ms Yangchen Rana also acknowledged the issues raised around food security, malnutrition and maternal child health, and highlighted the importance of keeping these alive to ensure they are addressed. The need for realistic ODA projects was also recognized. Another important issue, both last year and this year was natural resource management and land management – this requires more discussion and clarity on how to take this forward. Also continuing from the 2008 RTIM was the role of CSOs, local governments and organizations such as farmers associations, while will be very important for the future.

Climate change was a very strong theme this year, particularly in the lead up to Copenhagen in December. Additional feedback from the floor on the 2009 RTIM also put climate change on the agenda, and it was noted that addressing climate change will offer the Lao PDR more opportunities.

The overwhelming support of the international community on Government of the Lao PDR work in the UXO sector was excellent, and now it is necessary to mobilise and utilise resources for the future, particularly if there are adequate ratifications of the conventions which the Government is lobbying for.

It is important to be very prepared for natural disasters, which are also linked to climate change. Knowledge and capacity in this area is important so that the Lao PDR does not reverse or go backwards. Trade integration and importance of indigenous domestic private

sector and the enabling business environment would also be important for the future of the Lao PDR.

Ms Yangchen Rana concluded by urging continued coordination and collaboration within development partners, line ministries and participants at the 2009 RTIM, with the end agenda of improving the people of the Lao PDRs welfare.

Ms Yangchen Rana thanked the Chair His Excellency Sinlavong Khoutphaythoune for so effectively guiding the day long dialogue to such a successful conclusion, thanked and congratulated the Department for International Cooperation at the Ministry of Planning and Investment for organizing such an enriching and fruitful Round Table Implementation Meeting in terms of both the quality of the presentations and dialogue, and in terms of the strengthening of partnerships for the effective formulation of the new National Socio-Economic Development Plan.

Ms Yangchen Rana thanked the many other excellencies who provided enlightening presentations on the various subject of the agenda, development partners for their many helpful suggestions and offerings of support throughout the day, the UN team, the UNDP and all others involved.

Closing speech

by H.E. Dr. Sinlavong Khoutphaythoune
Minister of Planning and Investment

Minister Sinlavong highlighted that today's RTIM was conducted in a good, candid and constructive atmosphere and achieved our targets. It strengthened mutual understanding and provided crucial inputs to consider for future development.

Some of the recommendations from the meeting were as follows:

1. It is important to continue to focus on the preparation of the 7th National Socio Economic Development Plan and clearly identify the prioritized areas, programmes, and realistic projects together with the involvement of stakeholders.
2. All Sector Working Groups are to improve planning, identify and implement priorities and projects based on the 7th NSEDP and increasing local people's participation. ODA supported projects must be implemented under the themes of the Vientiane Declaration so that we can make our projects *Be Effective, Be Transparent and Reach People*.
3. The Secretariat will take notes of all information from report this to the Government for guidance and then inform all stakeholders and line agencies concerned on the next steps;
4. It is hoped that all development partners acknowledge the issues presented in the meeting today and have a better understanding of the true development needs of the Lao PDR. We hope that development partners will disseminate the heart of the 7th NSEDP to your Governments and organizations, and we wish to receive your positive feedback and support.

The Minister emphasised that the Government of Lao PDR is ready to implement the commitments made and carry out open consultations leading to the next Round Table Meeting to be held in 2010.

The Minister thanked Yangchen Rana as the co-chair, other attendees for their participation and continued support and representatives of Government agencies for their kind participation and fruitful discussions.

The Minister wished everyone good health, a pleasant return journey and a successful career.

A full copy of the Minister's concluding remarks can be found at Annex 23.

III. Follow up meeting with His Excellency the Prime Minister of Lao PDR for the outcomes of the 2009 Round Table Implementation Meeting 4 November 2009

A follow-up meeting was held by the PM with a small group of development partners. The PM extended a warm welcome to the delegation and expressed his satisfaction with the very successful Round Table Implementation Meeting (RTIM). He emphasized that the RTIM success is attributed to dedicated efforts of the Government of the Lao PDR, UNDP, development partners and INGOs. The PM invited the United Nations Resident Coordinator (UNRC) and development partners to provide feedback and recommendations from the RTIM.

1. Perspectives from RTIM - challenges and opportunities facing Lao PDR presented by the UNRC

The UNRC reiterated that the PM's leadership over the Round Table process was important and that the follow-up guidance and directives sent by the PMO to line ministries and others had a positive impact, including better coordination and development results. She thanked the PM for his participation and opening statement during the RTIM which provided the overview of achievements and challenges over the past year, including a fairly robust economic performance despite the global economic and financial crisis.

The UNRC clarified that the various sessions of RTIM 2009 were organized largely around the ongoing formulation and drafting of the new National Socio-Economic Development Plan (NSEDP) 2011-15 and the contributions of the SWGs. Notably, the new NSEDP will provide government and development partners with a common framework at the main Round Table Meeting in 2010 for mobilizing and coordinating support. There was considerable convergence of views expressed by Government and development partners reflecting the strong partnerships. Among the most important successes of RTIM 2009, were the following:

- Consolidation of strong support from Government and development partners for explicitly including the MDGs and related targets among the important goals of the new NSEDP 2011-15.
- A common understanding on the need for greater efforts aimed at ensuring macro-economic stability, further improvements in public financial management reform, advancing further on the governance front, and developing private sector to generate trade, growth, jobs and incomes for Lao people.
- An appreciation that the criteria for graduating from LDC status will require more than just increased quantities of investment and GDP, but also an increasing focus on the quality and sustainability of growth and development and convergence of LDC and MDG criteria.
- Climate change emerged as one of the major common new concerns among participants, and as a result, will likely receive much greater attention by government and development partners in the coming years.
- A better appreciation by participants of the need for much greater dialogue and transparency in many areas including natural resources development and the FDI decision making process which received much more vocal attention this year than in previous years.

Specifically, the UNRC highlighted the following from the RTIM:

Seventh NSEDP: Overall, development partners supported the social and economic goals outlined for the 7th NSEDP 2011-2015 especially in creating an environment conducive to growth and human development. While the targets are somewhat ambitious, the partners

supported strong growth policies, including through private sector engagement, trade facilitation, and regional and global integration. There was also support for domestic private business sector to generate jobs and incomes, for example in food agriculture, manufacturing and processing, and tourism. Foreign Direct Investment (FDI) can play an important role in this regard. However, more quality control, transparency in decision making and selectivity in light of absorptive capacity was needed to ensuring that FDI does not become damaging instead.

Achieving MDGs, Advancing Towards graduating LDC by 2020: More focus on growth with equity was required given growing inequalities and marginalization of many Laos people from rural and remote areas. Several Millennium Development Goals (MDG) need special efforts: child malnutrition, maternal mortality, gender equality and environment. Efforts to achieve MDGs by 2015 and investment in social sectors will be important to advance Lao graduation from LDC status and help the country diversify investments in both the natural resources and non resource sectors essential for balanced economy and stability of the country.

Public Finance Management: Progress on Public Financial Management reform was recognized by partners, but more attention must be given to fiscal sustainability, increasing domestic revenues, and ensuring expenditure efficiency. There is a need to protect macro-economic stability by ensuring a manageable and sustainable budget deficit and domestic credit growth rate in the years ahead. Attention must also be given to align costs with budgets.

Climate Change: The critical importance of climate change was highlighted. It will offer the Lao PDR an opportunity for mobilizing resources and ODA. The threat of climate change is apparent in the country already with increased in natural disasters and the costs of those disaster and urgent preparedness will be essential. Development partners expressed strong support for assisting the government with increased resources to help prepare for climate change.

Natural Resources Management and Land: Given the importance of the natural resource issues and the growing share of natural resource revenues, the importance of addressing natural resource management and land management issues in transparent ways was stressed. Development partners expressed support for much more frequent and high level consultations on natural resource management issues. While the substantive issues are clear and elaborated by development partners, the Government will need to provide clarity on the process and ways to best facilitate discussions in positive and constructive ways for the government as well as among the development partners. There is concern over land policy and land titling issues, especially in rural areas, which needs to be accelerated.

Governance and coordination: The Government of the Lao PDR had made good progress in advancing international Human Rights and legal reform as reflected by the recent ratification of two core international human rights treaties and Legal Sector Master Plan (2020). Also the decrees on Civil Society Organizations (INGOs and National Non-Profit Associations) were appreciated. However, more needs to be done to effectively implement existing and new laws and simplify guidelines and regulations for operations. This will also contribute to reducing transactions costs to doing business in Lao PDR. The international partners appreciated the Government of the Lao PDR offer to host the First Meeting of the State Parties to the Oslo Convention in 2010.

2. Additional Comments from Development Partners

The *Ambassador of Australia* appreciated the Government statements including the WREA statement and noted the World Bank statement on NRM and supported the request to establish a high level dialogue on Natural Resource Management. She also appreciated the Government ownership of the Education sector, noting improvements in school enrolments and reiterating Australia's continued support to achieving education for all. She highlighted the challenge of the expenditure framework.

The *Ambassador of Japan* highlighted the importance of enhancing public financial management and macroeconomic stability as they are also important for achieving progress in the MDGs and social sectors and expressed Japan's readiness to support public financial programmes. He also reiterated the role of private sector and importance of streamlining procedures, enhancing legal framework and implementing the new investment law. He noted the need to focus on sustainable and quality investment to create employment and effective use of technology.

Ambassador of France (EU) highlighted the constructive and positive RTIM and thanked the Government for producing excellent background papers and statements. He reiterated the importance of climate change as an important issue for the Lao PDR and appreciated the WREA statement as well as the Government intention to incorporate natural resource issues into the 7th NSEDP. He supported high level dialogue among donors and Government on these issues within the framework of the Round Table. He also noted the importance of the Aid Effectiveness agenda and the Accra Declaration and the EU's willingness to support the Vientiane Declaration Country Action Plan.

The *Ambassador of India* commended the Government of the Lao PDR for the excellent preparations and outcomes of the RTIM, including the analytical documents. He noted impressive Government achievements on several fronts and congratulated the Government for the shape of the 7th NSEDP, outlining future directions. He noted the importance of engaging the private sector to achieve projected growth and need for incentives to stimulate manufacturing or economic sectors. He also suggested the GoL policy should place greater focus on SMEs and offered India's expertise in this area if required.

The *Ambassador of Luxembourg* noted the very successful RTIM and appreciated the Government of the Lao PDR political leadership including in the design of sectoral strategies. He highlighted that investing in resource or economic sector was important but investing in social sectors, institution building and rural development were also essential. He offered the continued support of Luxembourg to promoting Aid Effectiveness and the Round Table process and VDCAP implementation as well as the social sectors.

3. Response from His Excellency the Prime Minister

His Excellency the Prime Minister thanked the development partners for the acknowledgement of achievements and progress of Lao PDR as well as the useful suggestions, recommendations and perspectives shared during the RTIM. He also expressed his appreciation to development partners for the trust extended to the Government of the Lao PDR for its ability to manage effectively the impact of the global economic crisis. The Prime Minister attributed the success achieved so far to the concerted efforts of the Lao People, the Government and development partners and thanked partner governments and organizations who offered support to Lao PDR either multilaterally or bilaterally. The development partners continuing support will help the country achieve its targets for 2009-10 and the development plan.

On the 7th NSEDP and the MDGs: The Prime Minister noted that the 7th Plan is a continuation of the long term strategy 2001-2020 of the GoL. The GDP growth target is projected at 8% per annum and revenue per capita at 1700 USD. The focus on the MDGs – both economic and social dimensions of the MDGs - will be central to the 7th Plan. He noted that if the MDGs are not achieved then the objectives of the 7th Plan will also not be realized. He assured the development partners that GoL will consider development partners feedback to make economic growth more inclusive. He also noted that the targets set in the Plan are indeed ambitious but that the Government is determined to mobilize every effort to achieve them.

On Public Financial Management: The Prime Minister shared the views that the Government of the Lao PDR should do its utmost to increase budget revenues. There is a continued need to boost the national economic growth and income generation. The Government will pay more attention to efficient expenditure and allocate resources to sectors that benefit economic growth. He also noted the need to contain unnecessary expenditures and leakages. Attention will be given to limit the budget deficit to 3 to 5% of GDP for the 7th NSEDP. In addition to the Government's own efforts, the Government looks forward to substantial financial support to finance infrastructure from countries and IFI.

On Climate Change: The Prime Minister recognized climate change as an important issue for the Lao PDR and stressed that the Government is determined to participate with other countries to combat climate change effects and implement various initiatives. He noted that climate change problems will be addressed within the framework of the 7th NSEDP. Forests are crucial to mitigate climate changes effects and preserve the country's resources. Therefore the Governments forest coverage target was 65% by 2015 and 70% by 2020. A high level Lao delegation will participate at Copenhagen conference in December 2009.

On Natural Resource Management: The Prime Minister appreciated the views and concerns expressed by development partners and noted that the Government will give greater attention to this matter in order to achieve development sustainability. Natural resources are key development factors and will be managed in a prudent manner. There will also be greater focus on human capital. Attention will be given to promote technology and skills as well. Concerning development partners request to establishing a high level dialogue on natural resources, the Government will consider this matter in cooperation with development partners. In this context, he noted the existing SWG on Agriculture and Natural Resources within the Round Table process.

In closing, the Prime Minister thanked once again all development partners for their interest and support and requested them to convey his appreciation and consideration to their respective governments and organizations.