

Annex 11:

Joint statement on Agriculture and Forestry
by H.E. Mr. Sitaheng RASPHONE
Minister of Agriculture and Forestry

**Joint Statement of the Chairs and Co-chairs of the Agriculture, Natural
Resource and Rural Development Sector Working Group and Sub
Working Groups**

Delivered by:
H.E Sitaheng Rasphone
Minister of Agriculture and Forestry

**Excellencies,
Distinguish Guests,
Ladies and Gentlemen,**

It gives me great pleasure to be here today and take the floor on behalf of the Ministry of Agriculture and Forestry (MAF) and the Sector Working Group on Agriculture, Rural Development and Natural Resources Management.

As we all know, the UN's Millennium Development Goals call for us to eradicate extreme poverty and hunger and to ensure environmental stability. If we are to achieve the development targets set in the MDGs and in our sector development plan, we need a more coordinated approach to development, and greater investments in the Agriculture and Forestry Sector.

The MDGs were incorporated into our 6th Five-Year National Socio-Economic Development Plan for 2006-2010. In order to implement the Plan successfully, the Ministry has formulated its own Agriculture and Forestry Development Plan that comprise the 4 Goals of improved Food Security, increased Commodity Production, the Stabilization of Slash and Burn Cultivation, and Sustainable Forest Management.

The Agriculture and Forestry Sector is expected to be the main contributor to GDP and general economic development, and in particular to the Government's targets for food production and poverty reduction.

During 2008 and 2009, our agriculture sector was affected by the global economic downturn, especially supply of key imports; and also by relatively severe disasters that damaged a large number of irrigation schemes and destroyed crops on about 42,000 hectares. Nevertheless, agricultural and fisheries production still was satisfactory. To a great extent this was due to gradually increasing and well-programmed investments in the agriculture and rural development sectors. We estimate that rice production will reach 3.2 million metric tons during 2009 and meet the target set for the year. It is important to note that we have continued to maintain self-sufficiency in rice. However, most mountainous rural areas still are experiencing production deficiencies in rice and other food crops. Beside the above mentioned, as you all know, our country has been hit severely by Ketsana Typhoon in the past few weeks. We are still assessing the losses which we believe are significant. We are thankful to the strong support provided by our development partners to-date...

Despite a significant fall in international commodity prices during 2009, the total value of marketable commodities is estimated at 228 million US dollars, reaching 90% of our target. MAF has been implementing the Government's policies with regard to private investment, encouraging small-scale enterprises and supporting regional cooperation. As a result, so far and to-date we have recorded registered local investors of more than 300 firms and some 340 foreign firms, having a combined capital investment figures of over one billion US dollars.

With regard to shifting cultivation practices and stabilization targets set, efforts and now concentrated in the 47 poorest District in the country. Key measures are being implemented through Land Use and Land Allocation Programs; and alternatives livelihoods are being promoted to achieve sustainable agriculture and livestock production systems, as well as non-agriculture occupations. During 2009, of 104,600 hectares of upland agriculture, permanent production systems accounted for 29,000 hectares, rotational cropping systems for 75,000 hectares, and shifting cultivation for 4,970 hectares.

For forest management, we propose to establish 53 production forest areas, and the Government has already approved 36 of the areas. We have also prepared management plans for 21 National Biodiversity Conservation Areas covering 3.5 million hectares.

Lao PDR's goals to eradicate poverty and graduate from its current status as a Least Developed Country by 2020 depends heavily on our accomplishments in the agriculture and forestry sector. Lao PDR is strategically situated in an ever growing regional market, offering trade and investment opportunities that can lift the agriculture sector in this new millennium. The Government's development plan builds on these potentials and opportunities in a comprehensive and compelling manner.

In this regard, during 2010, MAF will continue to work to reach the 4 main goals and implement the 13 associated measures. Food security targets are to be maintained, as well as commodity production targets with a proper balance between food security and exports in a pro-poor manner. With regard to the stabilization of shifting cultivation, stronger impetus will be given to the promotion of decent alternative livelihoods in coordination with other sectors that are key to rural development, while forest management will be implemented with reinforced emphasis on environmental protection, soil protection and water resource conservation.

The Ministry of Agriculture and Forestry is also looking now at longer-term challenges in the preparation of the 7th National Socio-Economic Development Plan. Strategic thinking is needed to identify measures to restructure the rural economy, to link farmers with markets, to strengthen farmer organizations and rural institutions, and to address new challenges such as climate change, and of course to build our Ministry's own institutional capacity.

Following the initiative of the Food and Agriculture Organization, and with a strong commitment from the Ministry of Planning and Investment, we are also preparing for the 2nd National Agricultural Census. To conduct the Census, we will require the support of all of our Development Partners.

Now I would like to report on the status of the Joint Working Group on Agriculture, Rural Development and Natural Resources Management which is co-chaired by MAF and France.

The Vientiane Declaration is an ambitious set of principles designed to unlock the full potential of donor assistance. It calls for a genuine partnership where Laos is in charge of its own development process, and where Laos and its Development Partners are mutually accountable for development results.

The most recent meeting of the Joint Working Group was held here in Vientiane on the 23rd of October 2009. It was encouraging to see the continued active participation of concerned Government ministries and agencies as well as our main Development Partners in the agriculture and natural resources sector. During the meeting we recognized that consideration on the modalities and associated implementation arrangements to establishing a sub-sector working group dealing with environment and natural resources management to reduce the

number of parallel Project Implementation Units, to promote program-based approaches, and to improve the Ministry's monitoring and evaluation system was highlighted, which will be further discussed and shared with concerned parties.

The efforts of the sub-sector working groups to move to further develop and align sub-sector strategies, and finally to implement a program-based approach to development are commendable.

MAF has reiterated its commitment to make overseas development assistance more effective by actively supporting a management and coordinating mechanism. We would like to see quicker progress toward coherence among the donors, who should also move toward providing more untied aid.

In closing, I would particularly like to thank my co-chairman, His Excellency Francois Senemaud, and the Government of France for their continuous support for our efforts. Allow to also thank all our ANR Working Group Development partners who have worked so hard along with the Lao side to support in the harmonizing on each party development effort to help advancing the ANR Sector. Allow me also to thank the Ministries and concerned agencies in our sector working group for their very valuable contributions.

Thank you

Annex 12:

Joint statement on Business Climate and Investment
Environment in Industries and Trade
by H.E. Mme Khemmani PHOLSENA, Vice-Minister of
Industry and Commerce

**Joint Statement by the Trade and Private Sector Development Sub-Group
(Ministry of Industry and Commerce, Australia and Germany)
Building a Competitive Environment for Exports and Investment**

**Delivered by
H.E Khemmani Pholsena
Vice Minister of Industry and Commerce**

**Excellencies,
Distinguished guests,
Ladies and Gentlemen,**

The year 2008/09 has been a challenging year for the Lao private sector, but the effects of the global economic crisis appear not to have damaged Lao exports by as much as initially feared. It is estimated that exports in 2009 have declined moderately compared to 2008. Sharp declines in traded commodity prices, especially minerals, have resulted in deteriorating terms of trade for Lao exports, but a partial rebound in prices has reduced the impact on the country. Similarly, continued volume growth in minerals, electricity and agricultural exports has partly compensated for lower prices and helped to mitigate the effects of the crisis. Some foreign investment projects have been postponed, and the volume of remittances has declined.

A key lesson from the crisis is the need to re-double efforts to improve the enabling environment for private investment and cross-border trade as a means of reducing costs and increasing quality investment. If the Lao PDR is to achieve its long-term economic development goals, including graduating from Least Developed Country status, the private sector will need to grow strongly. Similarly, greater high quality investment will be needed in sectors that generate employment opportunities, such as export manufacturing and agriculture. As a landlocked country with only limited opportunities in the domestic market, continued steps need to be taken to ensure that export competitiveness is built and the costs of trade facilitation are reduced.

I. SNAPSHOT OF KEY ACHIEVEMENTS DURING THE YEAR

The Ministry of Industry and Commerce has taken a number of important steps as part of efforts to make the business enabling environment simpler and more transparent.

The following are a few of the key reforms made during 2008/09:

- Notification No.1238 on simplified enterprise registration procedures was issued in July 2008, followed by the launch of the Enterprise Registration Office in Vientiane in August 2008.
- Establishment licenses, annual import-export plan requirements, and import-export licensing requirements for goods outside the revised controlled list were all repealed during 2008/09.
- Degree on Import Export Licensing Procedures was approved in July 2009, providing traders with greater certainty and predictability over Laos' trade regime. A revised list of import-export goods subject to control has been finalized and will soon be signed by the Minister of Industry and Commerce.
- The SME development strategy was approved.

Several important legislative and regulatory instruments have also been issued by other departments that improve the predictability of the regulatory environment for business creation and operations. These include the adoption of the Law on Commercial Banks, the

Customs Law, a new unified Investment Promotion Law and a new Minerals Law. LNCCI and various industrial associations have also played an increasingly important role in improving the investment climate and export competitiveness by actively participating in regular and systematic dialogue with the public sector at both the central level (the Lao Business Forum) and at the provincial level. A key challenge for Lao PDR is to ensure that Government has capacity to follow through on implementation and enforcement of new and updated legislation, and that appropriate information is provided to the private sector.

Similarly, efforts to support greater Lao integration into the regional and multilateral trading system advanced significantly during the year under review. The Government has made substantial progress with respect to meeting commitments under the ASEAN Free Trade Agreement, starting in 2008. On the GMS front, as of October 2008 Lao PDR has fully ratified the Cross Border Transport Agreement. At the multilateral level, the Government successfully conducted the 5th WTO Accession Working Party negotiations in July 2009, and preparations are underway for the 6th Working Party, tentatively scheduled for early 2010.

Donor partners have played an important role in supporting the reform efforts of the Government. The Ministry of Industry and Commerce has a number of flagship projects currently under implementation. Lao PDR joined the global Integrated Framework process in 2004 and “aid for trade” is coordinated under the National Integrated Framework Governance Structure. This plays a key role in efforts to tackle the supply-side issues constraining the Lao private sector from taking advantage of trade opportunities. Window II projects have provided initial support for implementation of the Lao Action Matrix on Export Competitiveness. The Trade Development Facility – a Multi Donor Trust Fund, financed by Australia and the European Commission, and administered by the World Bank – aims to fund implementation of the Action Matrix and is in the first year of implementation.

In the area of SME development, the Small and Medium Sized Enterprise Promotion and Development Office has been actively implementing the EC-SME development programme in conjunction with the ADB. Similarly GTZ’s Human Resource Development for Market Economy Project, now in its 2nd phase, continues to provide important support. The Ministry is also working closely with JICA on a feasibility study for an industrial zone, including an export-processing zone, in the Vientiane area. US assistance is provided as part of efforts to implement the Lao-US bilateral trade agreement. Various UN agencies are preparing a joint project, with bilateral financing from Switzerland, to support the aid for trade agenda.

Encouraging steps have been taken to improve government-donor coordination, but the greater work still remains ahead. The Trade and Private Sector Development Sub-Group is now up and running, and terms of reference and a work plan were adopted during the year under review. The Sub-Group is an important part of efforts to coordinate donor financial and analytical support to the Lao Government on trade and private sector development issues, eliminate overlaps and gaps in assistance, and to minimize the transactions costs of ODA administration carried by the Government – in line with the objectives of the Vientiane Declaration. The Sub-Group provides a framework for joint planning and prioritization of scarce resources, and for joint engagement on the identification of future policy priorities, including under the 7th NSEDP. Recent encouraging steps include the identification of a common governance framework for trade (the NIFGS) and donor contributions to joint initiatives with common procedures, reporting formats and the use of country systems, where some of these works are being developed under the Trade Development Facility. The ability and willingness of both the Government and Development Partners to embark on new and innovative approaches in managing aid is paramount to improving the effectiveness of ODA in the Lao PDR, and needs to receive greater attention in new initiatives.

II. ISSUES GOING FORWARD

Despite commendable reforms by Government and investment by Development Partners, Lao PDR still faces numerous challenges that stand in the way of stronger economic growth, and higher living standards. The private sector struggles to produce quality products that meet international standards, skills and productivity are low, finance is difficult to access, the business environment is high cost, firms are not fully taking advantage of the opportunities that regional integration provides, and only limited value is added to raw materials. High trade facilitation costs add to the disadvantages of being landlocked. Attracting quality foreign direct investments that transfer valuable skills and knowledge, provide sustainable jobs and protect the country's environmental resources will be essential for reducing vulnerability and increasing sustainability. Development of the country's domestic private sector will be needed to generate the jobs, incomes, and poverty reduction. The most successful trading countries have invested heavily in human development, generating a healthy and well educated workforce that has the skills and the flexibility to cope with a changing trading environment.

The preparation of the 7th NSEDP provides an opportunity to put policies in place that ensure that trade and private sector development continue to act as the engine of growth in the Lao PDR. However as the Lao economy grows, new challenges are being faced. In particular, it will be of vital importance that the country ensures that efforts to stimulate private investment and to facilitate export expansion do not sacrifice quality, at the expense of quantity.

Annex 13:

Joint statement on Infrastructure
by H.E Mr. Sommad PHOLSENA,
Minister of Public Work and Transportation

STATEMENT
By H.E Sommad Pholsena
Minister of MPWT and Chair person of ISWG
at the RTIM Meeting on the 3rd November, 2009.

- H.E. Bouasone Bouphavanh Prime Minister of the Lao PDR
- H.E. Dr. Silavong Khoupaihoune, Minister of Planning and Investment
- Ms Sonam Yanchen Rana, UN Resident Coordinator and UNDP Resident Representative to Lao PDR
- Excellencies, Distinguished Delegates, Ladies and Gentlemen

First of all, as the Chairman of the Infrastructure Working Group, on behalf of my two Co-Chairs, His Excellencies the Ambassador of Japan to the Lao PDR, Mr. Masaaki Miyashita, and the ADB Country Director Resident Mission, Mr. Gil-Hong Kim, it is indeed my honor to participate in this Round Table Implementation Meeting together with Excellencies, the representative of DPs, Distinguished Delegates attending the meeting here today.

Under the Vientiane Declaration Country Action Plan (VD-CAP), our development partners are committed to ensure that their strategies / policies and support are aligned with the NSED; to adopt common arrangements, cooperation in preparing core economic and analytical sector reviews; and fostering the use of sector-wide and program based approaches. The Government is leading the development partner's coordination process and the core coordination mechanism is the Round Table Meeting (RTM) process, chaired by the Government and supported by United Nation's Development Programme (UNDP). As you may recalled the latest implementation level meeting called the Round Table Implementation Meeting (RTIM) was held in 8 November 2007 and considerable progress has been made towards increased harmonization and improved aid effectiveness. At the sector level, coordination between Government and development partners occurs primarily through the eight Sector Working Groups, including the Infrastructure Sector Working Group-ISWG. The Minister for Public Works and Transport (MPWT) has been mandated to chair the Infrastructure Sector Working Group (ISWG) with Japan and Asian Development Bank (ADB) as co-chairs.

Mr. Chairman, Excellencies, Ladies and Gentlemen,

Since the first ISWG meeting held on 30 October 2008. MPWT has intensified its effort to implement its committed plan and projects included in the fiscal year 2008-2009. Progress on the implementation of the plan and projects had been reported in the second ISWG held on the 8th August 2009, and can be summarized for today's meeting as the followings:

1. MPWT had finalized its Strategic Plan which has been recognized as the Lao Transport Sector Program, LTSP. This LTSP had been adopted by development partners during the 2nd ISWG meeting. This LTSP document will serve as a benchmark and will be treated as a living document and a main guide in the development of the Lao Transport Sector from now on and up to 2015. More importantly, the LTSP will offer MPWT the ownership of its Plan and Projects, to which, Development Partners would align their assistance to implement the Ministry-led prioritized program and projects.

2. MPWT had established the ISWG Secretariat with a TOR, as a mandate, to effectively monitor and follow up as well as a single contact point for our Development Partners in all matters related to the implementation of the LTSP. MPWT is committed to ensure that the expertise and experience gained during the implementation of RMP1 and RMP2 previously will be further expanded.
3. In supporting the implementation of LTSP, MPWT will intensify the use of the existing country systems such as the O&M of the Environment and Social Safeguard, the procurement guideline.
4. With the aim to effectively use be the fund available both from internal and external sources, MPWT will continue to develop its Internal Control System. In this connection, I would like to extend my heartfelt thanks to SIDA to initiate this process. To date, the development of the Internal Control Manual is near to completion. MPWT needs this manual to effectively control, monitor, and follow up, as well as to identify and detect any peculiarities and misbehaviors as part of our campaign to fight against corruptions of any forms.

Mr. Chairman, Excellencies, Ladies and Gentlemen,

In addition to the above mentioned progress, there have been some major development activities under the responsibility of MPWT as the followings:

- a) The beginning of the Civil work to upgrade the NR 4 assisted by ADB, OFID and EDCF of Korea. This road project is the inter-linked GMS Northern Economic Corridor to the East-West Economic Corridor. There will be a Mekong Bridge built at Thadeua-Pakone, provide a permanent link between Luang Prabang Province and Sayabouly Province.
- b) The beginning of the upgrading of the NR 2E assisted by Vietnam. This road will facilitate the traffic from the northern provinces to Dien Bien Phu, Hanoi and the deep Haiphong deep seaport.
- c) The Ground breaking ceremony of the Third International Mekong Bridge between Khammouane and Nakorn Phanom assisted by NEDA of Thailand had been organized successfully to allow the civil works to proceed.
- d) The official opening of the railway traffic between Laos and Thailand.
- e) The official opening of the land transport operation between Laos and Cambodia.
- f) The official opening of the exchange of transit traffic right between Laos, Thailand, and Vietnam along the East-West Economic Corridor.
- g) The on-going studies to develop the road network and transport logistic provided by ADB, JICA, WB, NEDA, and many others

Progress so far in implementing CAP includes the strengthening of MPWT leadership in the transport sector, through the implementation of:

- (a) Transport Sector Strategic Program,
- (b) Urban Master Plan,
- (c) Environmental and Social Safeguards,
- (d) Rural Transport Infrastructure Program, and
- (e) Road Safety Strategy and Action Plan followed up by a National Road Safety Secretariat.

However, more remains to be accomplished with respect to securing funding for the implementation of all the plan and projects.

In conclusion, I would like once again to convey my heartfelt appreciation and gratitude to VDCAP Secretariat, DIC of MPI for working hard in coordinating all related matters and preparing all the documents for the meetings. Without their contribution and support, today's meeting could not be convened successfully.

May I take this opportunity to wish the meeting every success.

Thank You very much for your kind attention!

Annex 14:

Joint Statement on Education
by H.E. Mme Sengdeuane LACHANTHABOUN,
Vice-Minister of Education

**Joint statement by MOE, UNICEF and Australia on behalf of the
Education Sector Working Group (ESWG)**

**Delivered by
H.E. Mme Sengdeune Lachanthaboune
Vice-Minister of Education, Ministry of Education**

Your Excellency Dr Sinlavong Khouphaythoune, Minister of Planning and Investment,

**Your Excellency Mme Sonam Yangchen Rana, UNDP Resident Representative and
Resident Coordinator,**

**Distinguished representatives from the central government and provincial
administration**

Excellencies, distinguished colleagues, ladies and gentlemen,

On behalf of the Education Sector Working Group, and Co-Chairs Australia and UNICEF, it is an honour and a great pleasure to have the opportunity to deliver this Joint Statement here at the Round Table Implementation Meeting today.

We would first of all like to take this opportunity to thank all members of the Education Sector Working Group for their tireless efforts over the last twelve months, which have made 2009 such a landmark year in terms of policy and aid coordination achievements.

The Ministry, in consultation with ESWG Co-Chairs Australia and UNICEF, has prepared a written Joint Statement which we are pleased to circulate to the meeting. As time is very limited, I would like to draw attention in my oral address to three key points detailed in the Statement.

Firstly, I would like to note the significant strides the ESWG has made in policy and sector reform over the past year.

The high point has been the finalisation of the Education Sector Development Framework – known as ‘ESDF’ – to provide an overarching policy framework to support a more coordinated, programmatic approach to planning for the whole sector. Developed through a collaborative, inclusive process, and predicated on the aid effectiveness pillars of the Vientiane Declaration Country Action Plan, the ESDF makes concrete the principles of the National Education System Reform Strategy, and was endorsed by the Prime Minister as official government policy for the sector in April 2009. It provides a clear road-map from now until 2015 to shape sectoral inputs into the 7th National Socio-Economic Development Plan to guide investments – both domestic and external - for achieving the Education for All and Millennium Development Goals, as well as key targets for Secondary, Higher and Technical and Vocational Education and Training.

The ESDF also positions Lao PDR to be eligible to apply for funding from the Fast Track Initiative – or FTI - a global partnership which assists developing countries to achieve their EFA goals.

To further strengthen the policy environment, an Inclusive Education Policy, closely articulated with the ESDF, has been drafted to ensure that all groups, regardless of gender

ethnicity, disability, social status or other attribute, are able to enjoy educational opportunities to the full.

In recognition of key linkages between sectors and across thematic areas, the Ministry is also working with the Health and Justice Ministries to develop a holistic Early Childhood Development Policy; the School Health Policy has been drafted, and the Ministry's specific responsibilities under the National Nutrition Policy have also been defined. Implementation Guidelines specifying the Ministry's indicators of its Schools of Quality approach have also been drawn up. School feeding for pre-primary school aged children will start to combat the wide-spread chronic malnutrition in Lao PDR.

The ESWG has also made significant progress on its commitments under the Vientiane Declaration Country Action Plan, with achievements made under all five pillars of ownership, alignment, harmonisation, managing for results and mutual accountability.

This brings me to my second point: progress towards the Millennium Development Goals, and sectoral challenges this strengthened policy environment is designed to address.

As reflected in the MDG Progress Report released earlier this year, steady progress has been made towards the achievement of MDGs 2 and 3, yet considerable challenges remain.

For MDG 2, primary net enrolment rates have increased from 80% in 2001 to 91.6% today, significantly closer to our target of 98% by 2015. A particular priority now is to take steps to 'reach the unreached' – that is, the almost 10% of children who are out of school. Completion rates at 68.4%, remain a concern, and accelerated efforts will be needed if we are to reach our target of 95% by 2015.

For MDG3, gender parity in enrolments has increased steadily across all levels, though disparities widen at each stage of the educational ladder, reflecting the still great hurdles girls face to complete a full cycle of education to tertiary level. Encouragingly, the fastest rate of progress towards parity has been made at the higher levels.

The Concluding Observations of the 44th Review Session of the Committee on the Elimination of all Forms of Discrimination Against Women (CEDAW) in which a high-level delegation from the Government of Lao PDR participated in July, also noted the continuing challenges of very high illiteracy rates among women and the marked difference in the quality of, and access to, education between urban and rural areas, especially in the remotest villages. It also expressed its concern at the inadequate educational infrastructure, including the high number of incomplete schools, and the limited number of qualified teachers in remote areas.

An additional continuing concern is that currently only 24% of schools have water and sanitation facilities.

We also recognise the need for incentives to bring more teachers and students into the system in remote areas, and that the overall quality of teaching and learning needs to be improved, with increased attention to the relevance of education to social and professional life.

Significant capacity building, especially at provincial, district, community and school levels, will be essential to implement the new policies effectively and achieve sustainable benefits from these developments.

This brings me to my third point, the question of the resources needed to achieve our key policy goals. We hope to be successful in our application to seek funding from the FTI. A comprehensive joint program proposal, based on the ESDF, is currently being prepared with support from Australia, World Bank, UNICEF, World Food Program, UNESCO and other development partners. To help the government address the need for skilled manpower, ADB has also granted significant funding to support the Secondary, Higher and Technical and Vocational Education and Training sub-sectors.

Gradual government commitment has been made as to concretize the Amended Education Law of 2008, as well as the targeted education share by 2015 in the ESDF at a level of 18%. While we are keenly aware of the challenges presented by the global financial crisis, we also note, the government commitment for social sector through the potential opportunities from new revenue streams from hydropower development, such as Nam Theun 2 and other potential resources. The ESWG as well as the GoL has accorded important and continue to gradually increase investment in education and build the nation's human resource capacity to meet the new challenges of our increasingly globalized world.

For my final point, I would like briefly to reflect on the lessons learned and next steps for the ESWG.

The Education Sector Working Group has come a long way since its establishment in 2006. It has matured into a robust forum for increasingly frank and open dialogue between government and development partners. Significant progress has been made towards greater coordination and aid effectiveness, with collaborative processes a defining hallmark. Key factors contributing to this success are the strong leadership role the Ministry has taken in this process, and the active engagement of all our development partners. The provision of resourced support for the ESWG Secretariat function has also been greatly appreciated.

Success in achieving key joint outcomes strengthens ongoing commitment to support the process. Ambitious work-plans driven primarily by Vientiane Declaration commitments have helped maintain momentum, though the pace of change has been demanding.

For the coming year, the ESWG plans a full program of work, including dissemination of the ESDF at local levels, finalisation of the EFA-FTI-CF Application Package, and preparing Five-Year ESDF Implementation Plans to provide sectoral inputs into the 7th NSEDP and sub-sectoral programs

May I conclude my statement today by emphasising that 2008-9 has been a demanding, and successful year for the ESWG. We foresee that the coming year is likely to be equally demanding, and sincerely hope that it will be equally successful. The pace of change is accelerating rapidly as the sector strives to adapt to new policy, institutional and implementation environments. The potential for new resource flows represents a critical opportunity for capitalising on these developments to strengthen implementation, though will also challenge our systems to ensure effective and efficient disbursement. Continued collaborative effort and innovative solutions essential for operationalisation of reforms and programs

We are aware there is still a long journey ahead if we are to achieve the EFA and Millennium Goals by 2015. As we approach the 20th anniversary of the International Convention on the Rights of the Child. I would like to take this opportunity to thank our Co-Chairs, Australia and UNICEF, and all ESWG members, both government and development partner agencies, for their continuing commitment to this collaborative process as the means through which we

can maximise our impact and achieve our shared goals of ensuring that all girls and boys, women and men, in Lao PDR are able to enjoy their rights to access a quality education.

Thank you

Annex 15:

Joint statement on Health
by H.E. Dr. Ponmek DALALOY, Minister of Health

**Joint Statement of the Chairs and Co-chairs of
the Health Sector Working Group**

Chairperson: H.E. Dr. Ponmek DALALLOY, Minister of Health, Lao P.D.R.

Co-Chair: H.E. Masaaki MIYASHITA, Ambassador of Japan

Co-Chair: H.E. Dr. Dong il AHN, WHO Representative

Delivered by

H.E. Dr. Ponmek DALALLOY, Minister of Health

As the Sector-wide Coordination (SWC) grows in the health sector, in terms of strong ownership and leadership of the Ministry of Health (MOH), policy alignment to the 5-Year Health Sector Development Plan (HSD Plan), and harmonization among the MOH and development partners (DPs) in various activity implementations, we are delighted to share with you the following **progress and achievements having been made in the past one year:**

- 1) Operation of Health Planning and Financing Technical Working Group (HP&F-TWG) Department of Planning and Financing (DPF), with substantial advocacy from WHO, WB, EU, UNFPA, BTC, Lux-Dev, UNICEF, ADB, and JICA, commenced the 1st TWG meeting in December 2008 with core discussions on health information system (HIS) development and health care financing issues such as Community-based Health Insurance (CBHI) scheme development. In the following meetings the discussion expanded to the 7th Five-Year Health Sector Development Plan formulation process and user fee exemption issue for essential health care services such as Maternal, Neonatal and Child Health (MNCH) services.
 - (a) Development of the “National Health Information System Strategic Plan (HISSP) 2009-2015”
Proper implementation of the HISSP is expected to rigorously facilitate better strategic and effective decision makings and policy guidance for the health sector with more efficient and reliable data and statistics collected from all over the country.
 - (b) Progressive consultation and discussion on a national health financing strategy
While Government of Lao P.D.R. (GoL), with assistance from DPs, presently runs 4 kinds of social protection schemes in order to subsidize populations' health care cost, the discussion is moving towards an effort to merge them into one national health insurance scheme in the future, after learning from international experience and consultative national dialogue. The realization of universal coverage for essential health services require further efforts for obtaining support and cooperation from others outside the health sector, the private sector, and GoL top level decision making.
- 2) Launching of Human Resources for Health Technical Working Group (HRH-TWG)
Under the leadership of the Department of the Organization and Personnel (DOP) with technical assistance and support from development partners (DPs) such as WHO, ADB, UNFPA, WB, UNICEF, Lux-Dev, and JICA, the HRH-TWG finally became operational in March 2009 and since then discussed the issues of the National Policy on HRH and the National Strategic Plan on HRH 2009-2020 formulation, development of AWP of the TWG, Skilled Birth

Attendance (SBA) Development Plan implementation, and the other progress monitoring of HRH projects and activities in the country with the utilization of the developed AWP.

3) Accomplishment of developing the “Strategy and Planning Framework for Integrated Maternal, Neonatal and Child Health (MNCH) Services 2009-2015” (MDGs 4&5)

The National Orientation Workshop for formally introducing and disseminating the MNCH Package was organized in September 2009 with active participation from the 17 Provinces, while some services of the Package had been partly implemented. It is tightly linked with the SBA Development Plan and the National Nutrition Policy (NNP). It is because most child deaths are caused by neonatal conditions and communicable diseases in malnutrition condition, and maternal mortalities need to be prevented with family planning, child delivery attended by SBA, and access to emergency obstetric and neonatal care. These comprehensive strategic plans are expected to improve the current MNCH status from the service provider side and the beneficiary community side.

4) Progress of National Nutrition Policy implementation in the health sector

Despite impressive gains in economic growth, virtually no improvement was made over the past decade in terms of Nutrition status of the Lao. Accordingly, the national target for malnutrition is off track, and it is increasingly clear that MDG 1 as well as various other MDGs will not be achieved without immediate, decisive, and integrated action. In these circumstances GoL adopted the National Nutrition Policy (NNP) on the 2nd of December 2008. Based on the NNP, the National Nutrition Strategy (NNS) and National Plan of Action on Nutrition (NPAN) have been formulated and will be signed off in November 2009.

5) Combat HIV/AIDS, Malaria and Other Diseases (MDG 6)

HIV prevalence in the general population in Lao PDR remains low, there has been an appreciable drop in malaria exposure, and considerable progress has been made in tuberculosis (TB) case detection and cure. Accordingly, the related MDG target seems to have been achieved by 2015.

Nevertheless, the HIV prevalence varies considerably between risk groups and locations. While knowledge of disease transmission is high, a large gap still exists between knowledge and desired behaviours. Correct and consistent use of condoms is low, and levels of Sexually Transmitted Infections continue to be high among service women. Because Lao PDR is surrounded by countries with high HIV prevalence, and is experiencing an increase in mobility of its working-age population within and across its borders, the threat of an expanding HIV epidemic in the country remains real.

6) Demonstration of prompt and appropriate response to emerging diseases such as the A(H1N1) influenza

It is a commendable effort of the health sector whose surveillance and laboratory system has proved to be functioning well and that is controlling the global pandemic in country as well as stabilizing and managing public order.

7) Improving access to safe drinking water and basic sanitation

While the proportion of the population with access to a safe water source improved from 28% in 1990 to 74% in 2007 according to MDG Progress Report

Lao PDR 2008, those residing in smaller towns and rural villages are still underserved. Sanitation facility access is likewise. Considering poor water and sanitation conditions and hygiene environment cause diarrheal and water-borne diseases, increased investments as well as strategic action in water and sanitation improvement is essential for achieving MDG 7.

- 8) Development of Annual Work Plans (AWPs) of all SWGs/TWGs/Secretariat significantly contributed to operation and substantial function of the SWC Mechanism, particularly with TWGs. The AWP even became a rapid monitoring tool for some TWGs, so that they could quickly track and identify their progress based on planned activities.

- 9) Development of the Sector Common Workplan / Monitoring Framework (SCWMF)

SCWMF comprehensively but succinctly demonstrates the outlines and the priorities of the 6th 5-Year HSD Plan and the Midterm Review Report of the 8th Party Congress Resolution in a single table. It is not only easy and convenient for taking a look at the health sector as a whole but also useful for the SWG members to monitor progress of interventions and activities and accordingly coordinating them so as to raise efficiency and effectiveness. This tool will be further developed to present the financial resource situation and gaps and also to effectually plan and develop the 7th 5-Year HSD Plan jointly between the MOH and DPs in a transparent and accountable manner. The health sector is now better equipped for consultative dialogue and coordination, and the SCWMF is the compact tool for regularly and collectively planning and monitoring of action in the course of steady implementation of the Sector Plan.

Key policy directions of the 7th 5-Year HSD Plan (or the health chapter of the 7th NSEDP):

The 7th five-year Health Development Plan, HDP (2011-2015) has a special role in Health Renovation. It aims to make changes toward industrialization and modernization, for facing the current financial global crisis which negatively impacts but also provides us the possibility to transform challenges into new opportunity.

Goals:

1. Create the basic material and technological infrastructure in order to bring the country out of the Least Developing Country status by 2020.
2. Expand the health system in synergy with the rapid industrialization and modernization.
3. Contribute to eradicate the poverty to improve the people's quality of life; aiming to achieve the five health-related MDG goals.

Implementation:

referred as consolidating the principles of the 6th and the 8 priority measures addressed in the Midterm Review Report on the Implementation of the 8th Party Congress Resolution on the Health Sector. The proposed 8 priority campaigns = 8 priority programs = 8 priority measures are:

1. Strongly promoting and expanding Model Healthy Villages (HSS, WES, IEC)
2. MNCH: Resolutely reducing maternal and neonatal mortality and aggressively increase child survival package

3. Strongly promoting nutrition package combined with disasters and epidemics preparedness
4. Human Resource Development toward overall quality
5. Strong organization strengthening, mechanism and regulation upgrading
6. Sustainable health financing package development
7. Traditional medicine, food and drug quality and safety
8. Efficient mobilization and utilization of Development Partner supports through Vientiane Declaration spirits.

Challenges and focuses to be committed in the next one year:

- 1) Challenges:
 - A) Strengthening health system is a major challenge of the health sector, in particular developing HR capacity as well as health financing.
 - B) Geographic barriers beyond the health sector capacity remain a major challenge. Access to road, transportation, clean water and other socio-economic infrastructure and services need to be resolved in cooperation with non-health sectors.
 - C) Social and cultural barriers which influence populations' health behavior are also challenges to be continuously tackled.
- 2) Focuses to be committed in the next one year
 - A) The primary focus in the health sector planning next year is the further intensification of the successful joint formulation of the 7th National 5-year Health Sector Development Plan between MoH and DPs. It can be realized through the effective utilization of the SWC Mechanism and the planning tool of the SCWMF;
 - B) The continuous focus will be given to the consolidated implementation of the 8 Priority Measures from the midterm review of the 8th Party Congress resolution, particularly:
 - i) Accelerated promotion and expansion of Healthy Model Villages throughout the country;
 - ii) Constant and progressive implementation of the MNCH Package Strategic Plan, including the SBA Development Plan and the national Nutrition Policy, Strategy, and Plan of Action, through a program-based approach and accordingly strengthening the health system of this country;
 - iii) Continuous efforts for strengthening local capacity for prevention, preparedness, and response against emerging diseases, disasters, or pandemics;
 - iv) Proper implementation of the developed National HRH Policy and Strategic Plan. Deployment and retention as well as development of HRH is an urgent agenda in the health system development;
 - v) Development of health financing policy and strategic plan is the major agenda of the next year. In order to increase use of health services and provide the reproductive health care in needed to improve maternal and neonatal health in particular, investment in training and capacity

strengthening for health personnel, especially skilled birth attendants, is required. Health systems must meet minimum standards in terms of human resources, infrastructure, supplies and management. Consequently, **recurrent budget expenditures for the health sector need to be increased, and sufficient revenue should be directed to the health sector in general**, which is expected to be clearly addressed in the health financing policy and strategic plan.

It is also expected to facilitate the unification of the social health protection schemes with a view to realizing universal coverage of essential health care services, particularly Primary Health Care (PHC), for the entire nation and ensure social protection over vulnerable groups even in times of economic slowdown or natural disasters; and

- vi) Capacity development for the implementation of the national HIS Strategic Plan towards strengthening local capacity for proper monitoring, data collection and analysis, decision making and policy and strategy orientation.

Thank You