Intervention by
Mr. Anouparb Vongnorkeo, Acting Director-General,
Department of International Organizations, Ministry of Foreign Affairs of the Lao PDR
at the Workshop for the National Focal Points of the Least Developed Countries on the Implementation of
the Istanbul Program of Action, 7-8 December 2015, Brussels, Belgium.

Mr. Chairperson,

Excellencies,

Distinguished Delegates,

At the outset, I would like to express my sincere thanks and appreciation to UN- OHRLLS and the European Union for organizing this annual workshop for the national focal point of LDCs here in this beautiful city of Brussels.

Mr. Chairperson,

The Meeting today is being convened at a critical juncture as the implementation of the MDGs is approaching its final weeks and the adoption if the Post-2015 Development Agenda and the Sustainable Development Goals (SDGs) recently have been by world leaders at the UN Summit in September. As for the LDCs, since the adoption of Istanbul Program of Action, it is noted that its implementation has not yet met our full expectations.

Mr. Chairperson,

The Government of the Lao PDR is strongly committed to effective implementation of the Istanbul Programme of Action and therefore its objectives and priorities have been fully mainstreamed into our 7th Five-Year National Socio-Economic Development Plans (2011-2015) with particular attention given to accelerating MDGs implementation and achieving our ultimate goal of LDC graduation by 2020 in line with the National Development Strategy 2020. Moreover, this plan represented the Government’s medium-term development goals and was the main instrument through which both the MDGs and the IPoA priority actions to accelerate progress towards LDC graduation were operationalized. The Government undertook a review of lessons learned during the 7th NSEDP period in 2015 that informs Lao PDR’s National Report on IPoA implementation which will be submitted to the Secretariat in due course. The 7th NSEDP was implemented in a challenging environment due to a number of international and regional incidents that both directly and indirectly impacted economic growth and social development in Lao PDR.

A follow-up 8th NSEDP (2016-2020), which will be formally approved by the National Assembly in 2016, has already been operational to support the annual planning process. This plan has been developed with strong focus on inclusive and equitable growth and further advancing progress towards graduation from LDC status—a key Government priority. The 8th NSEDP has also been drafted to reflect Agenda 2030 and to integrate the SDGs in support of a medium- and long-term sustainable development path.

Despite these constraints, the Lao PDR economy grew steadily from 2011-15, maintaining GDP growth of around 8 percent annually. This growth has facilitated broader socio-economic development, including higher employment and improved wellbeing; enhanced agricultural production; increased trade; and higher public and private investment. While debt remains a concern, it has been largely managed prudently and reduced to manageable levels. Progress has also been made in the implementation of most MDGs—many ahead of schedule. In particular, national poverty has been reduced from 28 percent in 2008 to 23 percent in 2012/13.
While Lao PDR did not reach the threshold for LDC graduation during the last CDP review, the country has made important progress in each of the three criteria. This is reflected by significant integration of IPoA priorities into national strategies. In this connection, key achievements related to IPoA implementation during the 7th NSEDP period include:

- **Productive capacity:** the Government has given priority both to increasing agricultural productivity and to developing non-resource sectors. Aligned with this effort, enhancing infrastructure in rural areas has been essential for improving livelihoods and creating equal access to public services with significant investments in building roads to increase connectivity, increasing electricity production and access, and expanding and modernizing telecommunications, exploring the potential of off-grid renewable electrification, including important efforts related to solar and bio-energy.

- **Agriculture and rural development:** rice production increased during the plan period to meet the demands of society and nearly reach the NSEDP target. Commercial plantations have also expanded. The Government also launched a network of agro-forestry technical service centers to provide technical support for increasing agricultural productivity.

- **International trade:** Lao PDR’s international trade grew sharply during the 7th plan period and the Government made significant strides in the context of intergovernmental cooperation. Lao PDR joined the WTO in February 2013 after 15 years of preparation and negotiations, a testament to the Government’s commitment to increasing participation in international trade. Preparations for AEC integration have also been on-going, including the introduction of implementing measures to ensure readiness by 2015 such as the reduction of tariff rates as specified in the Common Effective Preferential Tariff (CEPT) scheme.

- **Private sector development:** while further enhancements are needed to improve the business climate and support SMEs, several initiatives have been successful. The enterprise registration process was reformed to facilitate streamlined, easier, and cheaper processing. The Government also successfully set up a fund for SMEs and completed a project to construct model factories.

- **Education:** the Government has placed significant importance on human resources development and allocated increased budget to education. Key aims are to improve and develop education infrastructure and improve teaching-learning across the educational cycle from kindergarten to university.

- **Population and primary health:** important progress has been made to improve health outcomes, including reducing maternal mortality and controlling infectious diseases. Health networks have been expanded and increasingly reach remote areas. Some provincial hospitals have also improved their services and are capable of service quality equivalent to the central hospitals. There has also been a focus on building model health villages.

- **Gender equality:** achieving gender equality and women’s empowerment is critical to the NSEDP and the Government has aimed to promote the contribution of women to the economy, society, and political system. For example, the Lao Women’s Union has been focusing on promoting laws to protect women and enhance their role in society, including the CEDAW. A national strategic plan for promoting the advancement of women has also been completed and integrated into sector and local strategic plans.

- **Social protection:** social security has been improved so that it is capable of increasingly providing support to people and their families. This includes increased coverage relating to pensions, the disabled, and for disaster relief.

- **Multiple crises:** to protect against natural disasters and climate change, the National Strategy on Climate Change and the National Adaption Plan of Action have been operationalized.

- **Domestic resource mobilization:** over the last five years of 7th NSEDP implementation, the Government improved revenue collection mechanisms and adopted tax reforms that have increased domestic resources available for financing development.

- **Development cooperation:** the Government has for several years been committed to the Round Table Process for engaging in policy dialogue with Development Partners. The most recent 12th High Level Round Table Meeting was completed successfully in November, including the signing
of the Vientiane Partnership Declaration that will form the basis for enhancing development cooperation.

- **External debt**: the most recent Debt Sustainability Analysis by the World Bank and IMF considered Lao PDR to be at moderate risk of external debt distress, though several debt indicators have risen and the country remains vulnerable.
- **FDI**: the Government has strived to create an enabling environment for investors. A highlight was the opening of the one-stop service for investors.
- **Good governance at all levels**: the Government has also committed to strengthening governance to ensure appropriate implementation of IPoA supporting policies. This has included enhancements for improving the effectiveness of the National Assembly to meet with citizens, training for judges and officials of the People’s Court, and the launch of the local governance capacity building initiative for strengthening provincial, district, and village management capacities.

Despite the said achievements, some key challenges related to IPoA implementation are:

- **Economic transformation**: the economy is still based mostly on natural resources and there is significant space for commercial production growth and diversification. The policy on rural development and non-resource sector development needs to be more fully realized and implemented. Meanwhile, agricultural production is not linked to processing industries and markets and while the majority of the labor force is in the agriculture sector, labor productivity is low because of limited use of machinery in production. Manufacturing is relatively small and the economy is vulnerable to external factors such as changes in commodity prices and international market competition.
- **Unfinished MDGs and inequality**: despite significant progress, several MDG targets were not reached, including related to child malnutrition, school retention, child mortality, deforestation and UXO. Geographic disparities also remain, especially between urban and rural areas. People in rural areas are less likely to have stable jobs and have lower incomes and social outcomes.
- **Business environment**: although private sector and enterprise development has improved and been promoted, further efforts are needed to improve and upgrade the investment climate and promote private investment in non-resource industries.
- **Implementation capacity**: governance improvements are still needed to ensure the elimination of corruption and the effectiveness of legislative and judicial institutions. Coordination between ministries and central and local level agencies also needs to be further harmonized. Resource mobilization from all sources at the central and local level has often come below targets leaving projects waiting for Government investment.
- **Strengthening human resources**: human resource development has been promoted by both the private and public sector but overall quality is still limited. Moreover, human resource development is not fully linked to labor market demands, especially for SMEs.

Mr. Chairperson,

Looking forward, Lao PDR will continue and strengthen its efforts to implement the IPoA and the SDGs in order to progress towards LDC graduation and ensure long-term sustainable development. The 8th NSEDP will be the key instrument for this effort. This plan was formulated in a participatory manner, is results and outcome focused, and builds on the lessons and successes of the 7th NSEDP. Its three outcome areas directly correspond to the LDC graduation criteria. It embraces an integrated approach to inclusive and sustainable development that pursues the unfinished MDGs, priorities to achieve LDC graduation, and the new SDG targets. The country’s upcoming National Human Development Report will inform priority policy interventions that will accelerate the process of attaining the LDC graduation in key sectors – namely agriculture, education and health. It will also present cost benefit analysis to enhance the country’s readiness for graduation.

Mr. Chairperson,
Let me conclude by reaffirming the Lao PDR’s strong determination to effectively and fully implement the Istanbul Program, and stressing that it would be impossible for individual least developed countries to achieve our national development goals and the SDGs, without enhanced and predictable support from the international community, including development partners and international organizations, the framework of South-South and triangular cooperation and the involvement of private sector. Therefore, we call upon the development partners and the UN system to mainstream LDC related activities into their policies and work-plans and focus their assistance more on the national priorities and directly respond to the national development needs of LDCs.

I thank you.