

**Opening Remark of H.E. Somchit Inthamith, Vice Minister of Ministry of Planning and Investment**

**For Poverty-Environment Initiative Board Meeting**

**Time: 13:30 pm, 03 July 2013**

**Venue: IPD Meeting room 202, MPI**

Mr. Minh Pham, Resident Representative of the UNDP Lao PDR,

Dr. Liliane Ortega, Deputy Director of SDC,

Mr. Paul Steele, the UNDP Regional Technical Advisor for PEI,

Distinguished guests, ladies and gentlemen

I would like to warmly welcome everyone to the first PEI board meeting.

On behalf of Dr. Bounthavy Sisouphanthong, vice minister of Ministry of Planning and Investment and chairperson of PEI executive board, I would like to apologize on his behalf for not being able to attend this event. In Dr. Bounthavy's absence, he has requested me to co-chair this first PEI board meeting and I am honored to undertake this important task.

I would firstly like to thank UNDP, UNEP and SCD for their continued support to Lao PDR development agenda. Our aim to successfully implement the national socio-economic development plan, focusing on sustainable and inclusive growth, the Poverty Environment Initiative greatly compliments the vision of the government to achieve sustainable and inclusive growth. The UNDP/UNEP Poverty Environment Initiative is one of the core projects in Ministry of Planning and Investment, working to improve institutional knowledge on managing the quality aspects of investments that will contribute to poverty reduction and environmental protection. As Lao PDR continues to

be an attractive location for foreign direct investments, with FDI net inflows exceeding 2.4 billion dollars in 2011, PEI's assistance to further promote investment in Lao PDR, and equally important, the better management of investments that pushes the inclusiveness of business operations, to benefit the people and protect the environment, this initiative could not have come at a better time. However, we need to remain focused –there is still a long road ahead of us.

The various international indexes prepared by development agencies and foundations remain to be a steady reminder of where we are today. Take for example the World Bank's Ease of Doing Business, the UN's Human Development, MDGs, or perhaps the Economic Freedom Index for that matter; they all point towards the need for increased efforts on the development front, all of which can be directly or indirectly related to the improved management of resources and their respective investors.

The 7<sup>th</sup> National Socio-Economic Development Plan makes clear reference to the promotion of quality investments and provides a logical plan to achieve this task. One of the four objectives of the NSEDP is to: *“Ensure the sustainability of development by emphasizing economic development with, cultural and social progress, preserving natural resources and protecting the environment”*.

The Prime Minister's ordinance No. 13 is another good example of corrective change, placing an outright suspends on new green field approvals of specific extractive minerals and agricultural ventures - a decision not made lightly on the back of targeted economic growth of 8%. Nonetheless, we now realized the lack of efficiencies in mining

project operation, land issues and the corresponding social and environmental impacts that have occurred.

Investments into natural and non-renewable resources remain to be of upmost importance for Laos's economy, both playing a large part in driving an average 7.9% GDP growth over the last five years. Total concessionary ventures in natural resources constitute around 90 percent of investments, with mining projects occupying around 50% of the total land area under the concession investment portfolio, with the remaining land area occupied by Agriculture and Forestry related projects.

The key target of the 7<sup>th</sup> Plan is to maintain economic growth at a rate of at least 8 percent per year, translating to around 1.6 billion USD of private investments. Needless to say, private sector investments will remain an important source of revenue. However, we are also committed to the long-term sustainability and equality of this growth as the 7<sup>th</sup> Plan has equal emphasis on achieving the Millennium Development Goals, poverty reduction and ensuring a diverse economic foundation. We are now starting to shift some of our focus from promoting investments in the natural-resource sector, to the non-natural resource sectors, that include getting opportunities in the healthcare and education sectors through the provision of special incentives that include low to zero land concession fee.

We need to make important changes to how we promote and manage FDI, focusing on the quality of investments and not just quantity. This is the focus of PEI that is being delivered through various strategic activities include incorporating PE issue into provincial annual work plan, improve capacity of central and provincial government in managing investment with environmental and social safeguards, and develop demand-

driven policy research to support informed decision making. **Ladies and Gentleman, distinguished guests,**

Today we have given the important task to review current progress of the project and the revise the results framework- based on comments from the Inception workshop.. I encourage the board to provide the project team with critical, but constructive and insightful guidance to successfully deliver this project - where success should be determined by demonstrable impacts and not just output based reporting.

I am very much looking forward to hear your views on how this can realistically be achieved and engaging in an open discussion to ensure Lao PDR maximizes the support from the PEI.

**Thank You**