



# PRESS RELEASE



18<sup>th</sup> May 2011

## Presenting the new National Investment Strategy for quality Foreign Direct Investments in Lao PDR



**Dr Bounthavy Sisouphanthong, Vice Minister of Ministry of Planning and Investment (left) and UN Resident Coordinator / UNDP Representative, Mr Minh Pham (right) Photo: UNDP Lao PDR / Toby Fricker**

The Investment Promotion Department of the Ministry of Planning and Investment (MPI) presents their new National Investment Strategy and a 2011-15 action plan in a two-day meeting in Vientiane on 18-19<sup>th</sup> May 2011. The Strategy is a framework to promote quality investments for Lao PDR and to strengthen institutional coordination between all involved ministries for an effective management of domestic and foreign investments.

The meeting is chaired by Dr. Bounthavy Sisouphanthong, the Vice-Minister of MPI and co-chaired by Mr. Minh Pham, UNDP Resident Representative. The Poverty-Environment Initiative (PEI), a joint UNDP-UNEP project is supporting the Government in the development and implementation of this new strategy.

Speaking at the meeting Dr. Bounthavy Sisouphanthong said, “To meet the 7<sup>th</sup> National Socio-Economic Development Plan target of 8% annual GDP growth between the years 2011-15, we will require \$ 1.6 billion USD of Foreign Direct Investment (FDI) per year. However we are making an important change to how we promote and manage FDI. Now we want to focus much more on the quality of investment – and not just the quantity.”

Mr. Minh Pham, UNDP Resident Representative stated that, “Foreign direct investment clearly has a valuable role to play in the future development of Lao PDR. But ensuring that FDI contributes to and at least does not harm the country’s development is of course not automatic. This will very much depend upon the quality of FDI selected and approved by the government. A strategic approach will be essential. The criteria for assessing and approving FDI proposals as well as monitoring them will be critical.”

The Lao economy has been expanding rapidly at an average annual rate of 7.9% GDP growth between 2006 and 2010. Foreign direct investments and in particular extractive industries have been driving this growth. Over USD 11.2 billion of foreign investment has been approved in the past 5-years, largely in the natural resource sector.

This growth can play a vital role in improving livelihoods and reducing poverty in Lao PDR. However, exploiting natural resources at a fast pace can have negative impacts on rural populations who depend on the environment for their resources.

To ensure adequate preventive measures are in place, the National Investment Strategy puts forth criteria for selecting quality investments, identifies capacity building programs for investment management and incentives for attracting investments that can contribute towards real economic development.

The plan emphasizes the need to mobilize investments that will generate sufficient government revenues to help finance social and human development, create sustainable jobs and incomes, transfer skills and technology, create linkages with the domestic business sector, and safeguard the environment.

The 8% annual GDP growth target for the 7<sup>th</sup> National Socio Economic Development Plan (NSED) will generate increased demand for extraction of the country’s natural resources. The National Investment Strategy will, as a result, play a significant role in the management of private investments so as to generate maximum benefits for the local economy and society, whilst having minimal impact on the environment

This will also help in the implementation of the 7<sup>th</sup> NSED that “underscores the importance of achieving the Millennium Development Goals (MDGs), protecting the environment, maintaining political stability and peace, having an open economy integrated into the regional (ASEAN community) and world economy, and focusing on the quality of growth”.

**Notes for editors:**

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**The Poverty-Environment Initiative (PEI) in Lao PDR**

The United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) support the Poverty-Environment Initiative (PEI), a program that aims to mainstream poverty and environmental issues into national level planning and development processes. The objective of PEI in Lao PDR is to ensure that the country's rapid economic growth generates inclusive and sustainable development. PEI supports the strengthening of institutional capacity in national development planning and private investment management, the development of guidelines for social and environmental impact assessments, and the generation of evidence-based research on the social and environmental costs of land use decisions. The project is coordinated by the Ministry of Planning and Investment with project components managed by Department of Planning, Investment Promotion Department, National Economic Research Institute of MPI and the Department of Environmental and Social Impact Assessment of WREA.

[www.unpei.org/programmes/country\\_profiles/lao-pdr.asp](http://www.unpei.org/programmes/country_profiles/lao-pdr.asp)

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