



***Poverty Environment Initiative Asia Pacific Regional
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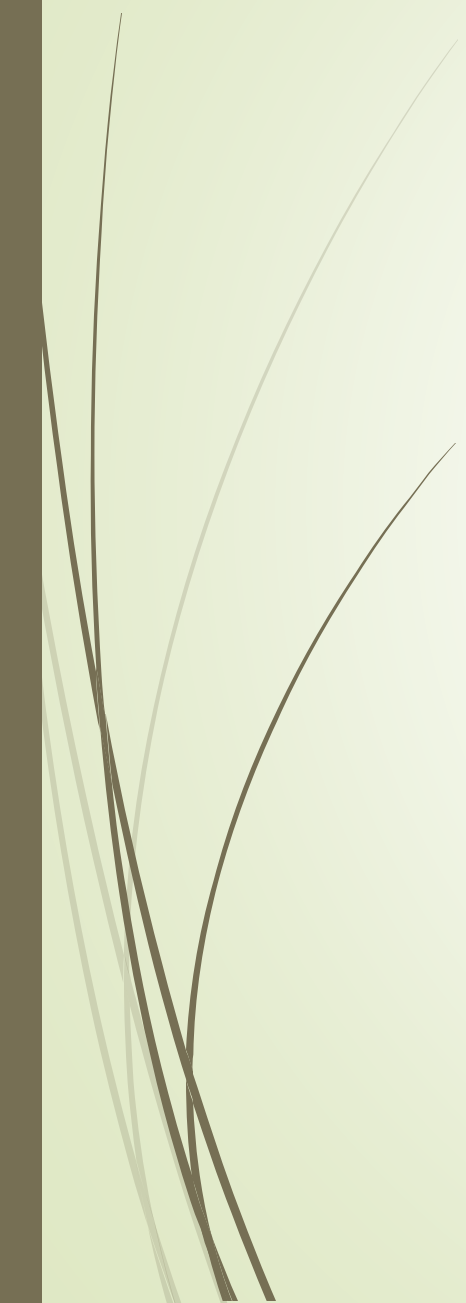
Management of Investment in Natural Resources in Lao PDR

Mr. Outakeo Keodouangsinh

Deputy Director General

Investment Promotion Department (IPD)

Ministry of Planning and Investment in Lao PDR



Before proceeding, it's important to have some understanding of investment approvals in Lao

Concessions (MPI & Technical Ministers) – focus of PEI

- Central
- Province

General Business (MOIC & Tech Ministers)

SEZ (Special Economic Zone)

Public Investments (MPI)

Rubber Plantation

↓ MPI IPD
MAF
↓ MONRE (DESIA)



Investment Driven Economy

- Lao's natural resource approach to economic development will continue over the next five years
- For this reason it will become even more important for institutions to effectively regulate investments for quality
- This is essentially where PEI has supported Lao government

PEI Approach to investment quality

Planning (DoP)

Investment Strategies (IPD)

Investment tools (IPD & DESIA)

Research (NERI)

Investment Oversight (NA)

The next slides will focus on the investment tools to regulate for quality

➔ Understanding the Investment Process & tools

- Information from applications captured in **investment tracking software**
- Application **pre-screened** for quality
- Summary of investment prepared and presented to MPI Invt. Committee
- Investment approved in principle PD invited to sign **MoU contract**
- MoU requirements: Survey, Feasibility Study (FS) and **EIA**
- **FS (Financial model) and EIA (Guidelines)**
- PD invited to **negotiate** terms of **Concession Agreement (CA)**
- CA signed obligations **National Compliance Database (NCD)**
- PD prepares annual progress report using **Progress Template (PT)**
- Self reporting info captured from PT included in NCD
- **Inter-departmental joint inspection** based on **NCD information**
- Inspection information captured using **Inspections Template**
- Inspection information entered into NCD. Non-compliance flagged

Results and impacts of tools and approach – investment promotion

Investment Strategies

Draft National Strategy

6 Provincial Strategies

More than 30 Investment Profiles

Long term impact

Medium to long term strategies for the sustainable inclusive development of Lao PDR

Priority investment areas

Results and impacts of tools and approach – screening and appraisal

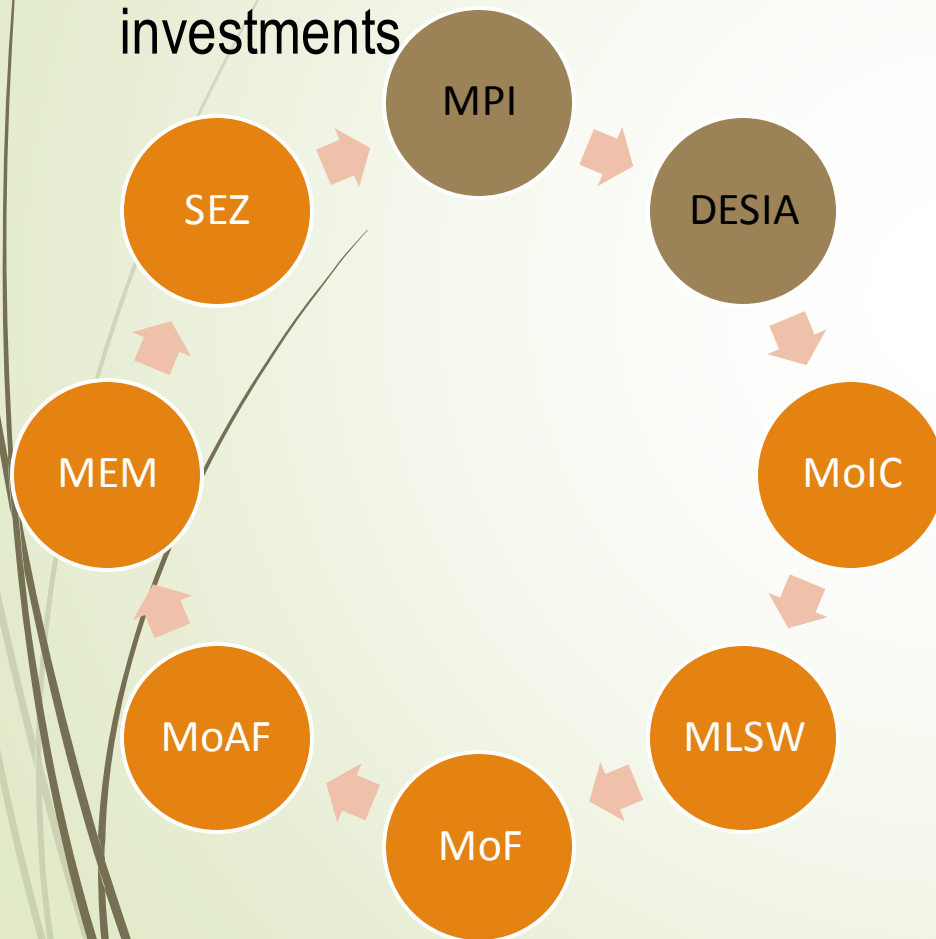
- Tracing of Investment approval
- MOU and CA model - strong contracts with substantial provisions on:
 - Environment
 - Public Involvement
 - Standard Social & Environmental Obligations
 - Community Development Agreements with Local Procurement Plans
 - Transparency and disclosure
- Financing model

Long term impacts

- Strengthens the rule of law
- Minimum obligations on social and environment issues
- Provisions for community involvement
- Formal agreements with impacted communities on socio-economic development
- Community development fund
- Publically available contracts
- Better understanding of the sharing of financial benefits

Results and impacts of tools and approach – coordination and information sharing mechanism

➔ Database - data sharing on investments



Longer term impact

Regulating investments against all quality attributes

Requires coordination of investment information between many institutions

Results and impacts of tools and approach – monitoring, reporting and feedback mechanism

➤ Reporting Templates to assess quality:

- Annual self reporting template for Project Developers
- Inspection template for IPD monitoring team
- Feedback loop into national concession compliance database and National Assumbly
- Corporate Social Responsibility reporting template

Longer term impact

Secure yearly progress updates from investors against major obligations

Automatically flag non compliance. Addressed by follow up inspections and enforcement

Show private sector contribution to 8th Plan development targets

Main Challenges

- Limited checks and balances through out the investment screening and appraisal process
- Rules of law not always followed
- Lack of inter-departmental coordination
- Investments not effectively regulated
- Government institutions struggle to deliver mandates
- Limited transparency in government processes
- Limited enforcement of laws and regulations
- Difficult to start a business and attract responsible Project Developers
- Commitment of government and needed to apply PEI tools

Lessons Learnt

- Innovate approach for integrating PE into national plan and policies and investment management process
- Strengthened inter-ministerial coordination and information
- Useful approach and tools, and highly in line with government priority
- Need to strengthen gender mainstreaming aspect
- Long process in developing, finalizing and approval of tools
- Strong partnership development e.g. GIZ, IISD,
- Commitment of government and needed to apply PEI tools
- Incorporating P-E concerns into government planning and investment policies, regulations, processes and tools along with capacity development makes sustainability highly
- Communicating PEI result and approach is still need improvement



Moving toward to SDGs localization

- Several indicators of the 8th National Socio-Economic Development Plan links with the SDGs targets
- Specific indicators on the investment management and environmental and social safeguard are directly link to the implementation and reporting, which information could be grater from the result of PEI approach and tools application through out the quality investment management process.