



Lanchang-Mekong Roundtable Dialogue on Sustainable Infrastructure and Green Investment and Financing

Green Investment and Environmental Sustainable Development in Lao PDR

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Contents



- I. Overview of Lao PDR in Development
- II. Green Investment in lao PDR
- III. National Policy and Strategy on Environment
- IV. Challenges.

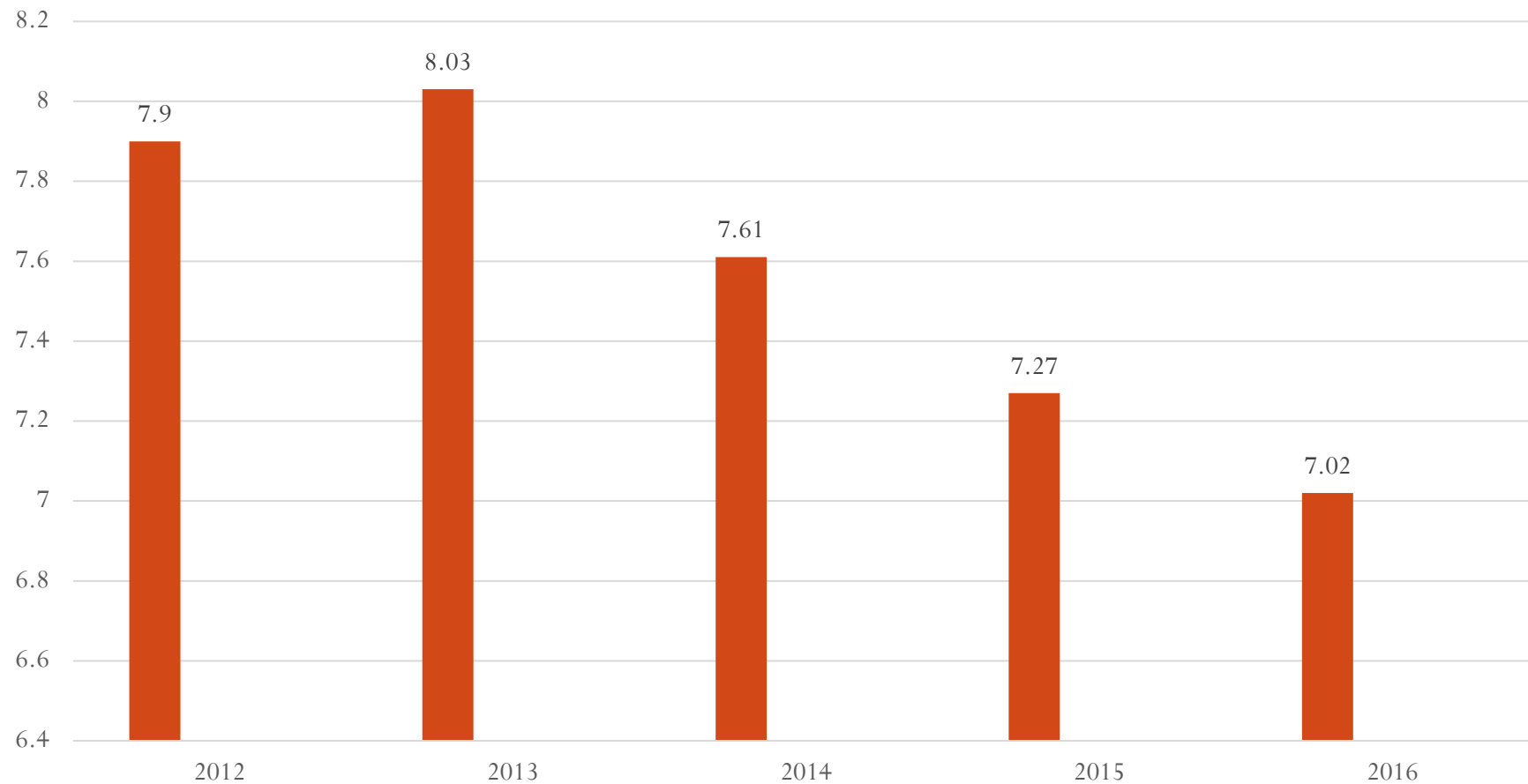
1. Lao PDR brief information

- Lao PDR is a mountainous landlocked country
- Shares common borders with five countries: China, Vietnam, Cambodia, Thailand and Myanmar.
- Land area : 236.800 km²
- Population : 6.69 millions (2016)
- Density : 28 person/km²
- GDP per capita 2,408 USD (2016)
- Capital : Vientiane
- Currency : Kip (1 USD=8,321kips)
- Language : Lao



2. Economic perspective

2.2 GDP growth (2012-2016)



Source: Lao Statistic Bureau

2. Economic perspective (cont.)

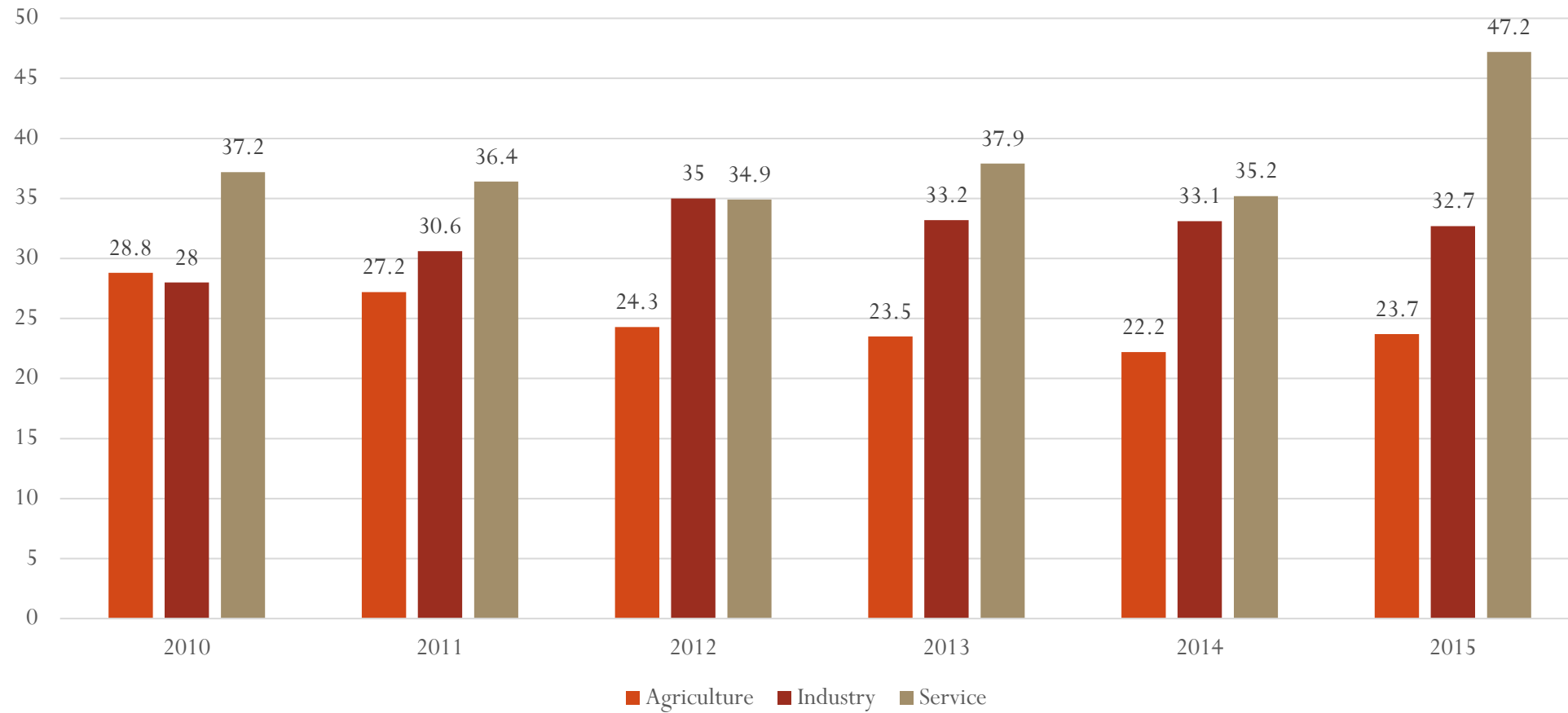
The GDP growth rate of 2015 is 7.27 percent includes:

- services sector at 8.6%,
- industrial sector at 8.8%,
- agriculture sector at only 3.3%.

Resource sector drives economic growth, with 25% of overall growth from mining and hydropower.

2. Economic perspective (cont.)

2.1 Sectors contribution to GDP (2010-2015) %

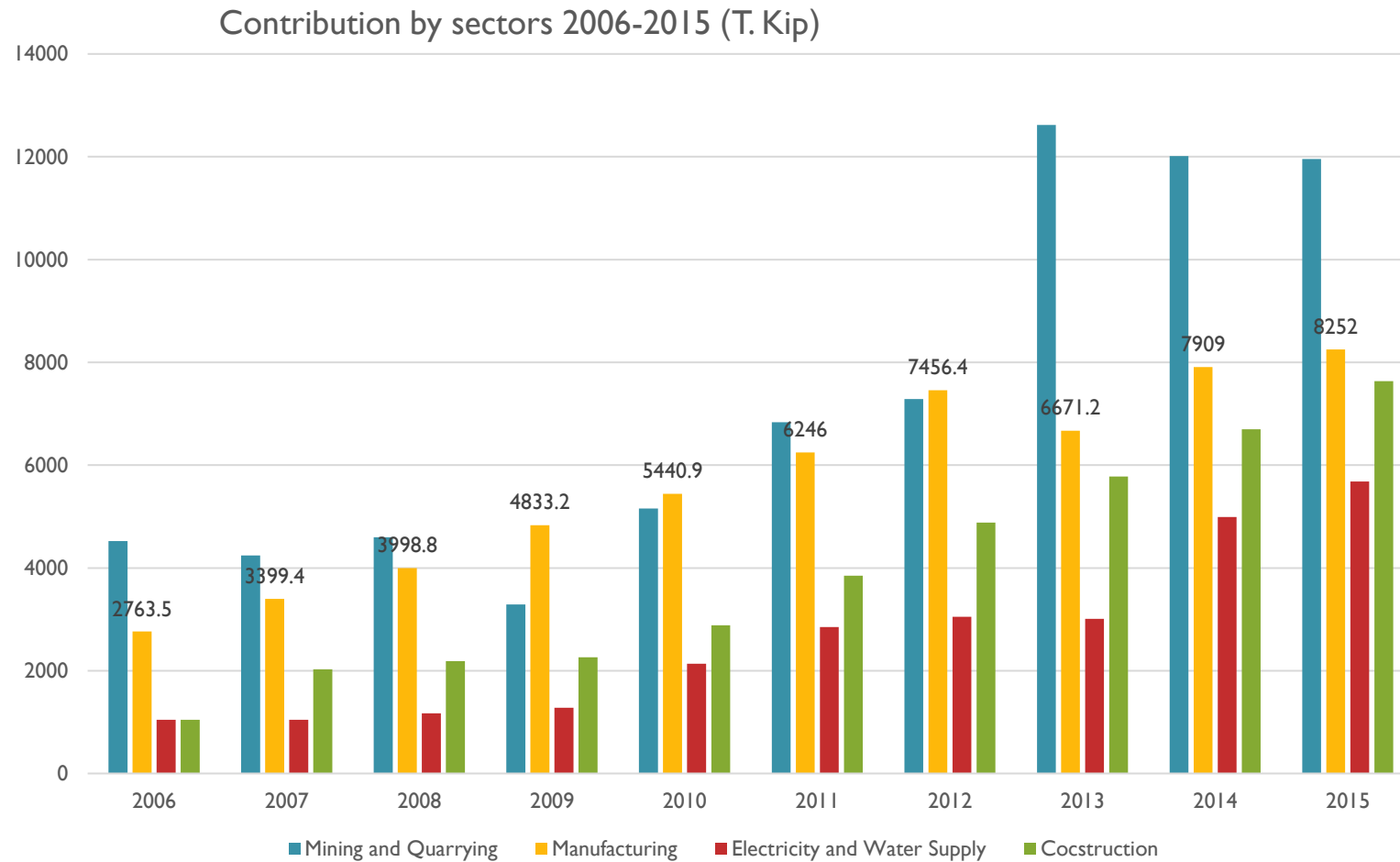


3. Investment potential in the Lao PDR.

- Peace and political stability;
- Rich in natural resources;
- Lands available for SEZ development;
- Low price of electricity;
- Good policy and good incentive for SEZ development;
- Land link among countries in South East Asia;
- 158th member of the World Trade Organization in 2013 (WTO) and the ASEAN Economic Community(AEC);
- Railway construction from China to Laos and link to other SEA countries;
- Regional economic corridors

4. Overview of industrial development

Industrial contribution by sectors



5. Overview of manufacturing industry

- Average annual growth 9 %
- Total no. of factory **10.389** units
 - Large size **684** units
 - Medium size **997** units
 - Small size **8.708** units

Cottage industry **17.463** units.
- Workforce approximate **200.000** persons
- Major industries: Food and beverage, building materials, Textile and garment and handicrafts.

6. Industrial promotion priority

1. Manufacturing of agriculture products;
2. Textile and garment industries;
3. Mineral industries;
4. Handicrafts;
5. Electric and electronics appliances;
6. Machineries and vehicles.

II. Green Investment in lao PDR

- To Achieving **The 8th NSEDP and** SDGS in 2025 the government try to promote and approach the policies on Green growth, Green growth implies fostering economic growth and development while ensuring that natural assets continue to provide the resources Environmental services on which our well-being relies To do this it must catalyze investment and innovation which will underpin sustained growth and give rise to new economic opportunities (OECD 2011).
- Investment for green growth includes, among other things, investment in infrastructure such as renewable energy, energy efficiency, water purification and distribution systems, transport and housing, the preservation of natural resources and waste management (OECD 2015).

Green Investment in lao PDR (CONT..)

Green investment framework has much in common with a general policy framework for investment, but an investment-friendly policy framework does not necessarily result in direct investment in activities conducive to green growth unless certain elements are also in place. These include:

- Strong governmental commitment at both the national and international levels to support green growth and to mobilise private investment for green investment;
- Policies and regulations to provide a level playing field for **more environment-friendly investments**, to encourage more environmentally responsible corporate behaviour;
- Financial mechanisms for green investment and policies to support private sector involvement in green infrastructure projects (OECD 2015);

Green Investment in lao PDR(Cont..)

Lao PDR's investment framework in these areas,

- providing an overview of the elements of the policy framework for green investment that have been instituted.
- In particular, it reviews the policy framework for improving the quality of investments in natural resources, examines in greater depth the private investment measures taken in the field of renewable energy, and reviews private sector engagement efforts in other sectors.

1.Green growth in Lao PDR: turning challenges into opportunities

Lao PDR faces several challenges on its path to green growth including a high dependence on natural resources for growth, unsustainable use of its resources and increasing impacts of climate change. A measured and inclusive approach, based on a sound policy framework that encourages environmentally sustainable investment and promotes investment in green sectors, can help address the challenges and exploit the opportunities in a way that complements a sustainable, climate-resilient development path.

- Improving natural resource management
- Enhancing the sustainability of Lao PDR's energy supply
- Renewable energy potential in Lao PDR
- Addressing growing impacts of climate change

2. Regulatory and policy framework for green investment

A policy and regulatory framework conducive to green growth is critically important to promote and mitigate the risks related to investment in green infrastructure and new technologies. Important aspects of such a framework include coherent and comprehensive policies and regulations related to the environment and green growth, engaging and committing to the relevant multilateral environmental agreements, and including environmental considerations in multilateral and bilateral trade and investment agreements (OECD 2012).

3. National policies and regulations related to green growth and environment

- National Growth and Poverty Eradication Strategy (NGPES, 2004)
- 8th 5-year National Socioeconomic Development Plan 2016-2020 (2016)
- Natural Resource and Environment Strategy (2016-2025) and 5-year action plan (2016-2020)
- Revised Environmental Protection Law (2013)
- National Strategy on Climate Change of Lao PDR (NSCC) (2010)
- National Climate Change Action Plan of Lao PDR 2013-2020 (2013)
- National Adaptation Programme of Action to Climate Change (2009)
- National Forestry Strategy to 2020 (2005)
- Renewable Energy Development Strategy (2011)
- Sustainable Transport Development Strategy (2010)

III. Environmental Sustainable Development in Lao PDR

1. National Policy and Strategy on Environment

- ❖ The Vision towards 2030 and Ten Year Strategy (2016-2025) for Natural Resources and Environment Sector was officially developed to ensure sustainable management and rational use of natural resources, the resilience to disaster risks and climate change impacts and to promote the collaboration among concerned agencies.
- ❖ The first five years action plan (2016-2020) was developed to support the implementation of the above mentioned strategy. It was mainstreamed into the 8th National Socio-Economic Development Plan. The Five Year Action Plan defines goals and describes the focused actions, programmes and priority projects to achieve the expected goals of the Ten Year Strategy.

1. National Policy and Strategy on Environment (conti..)

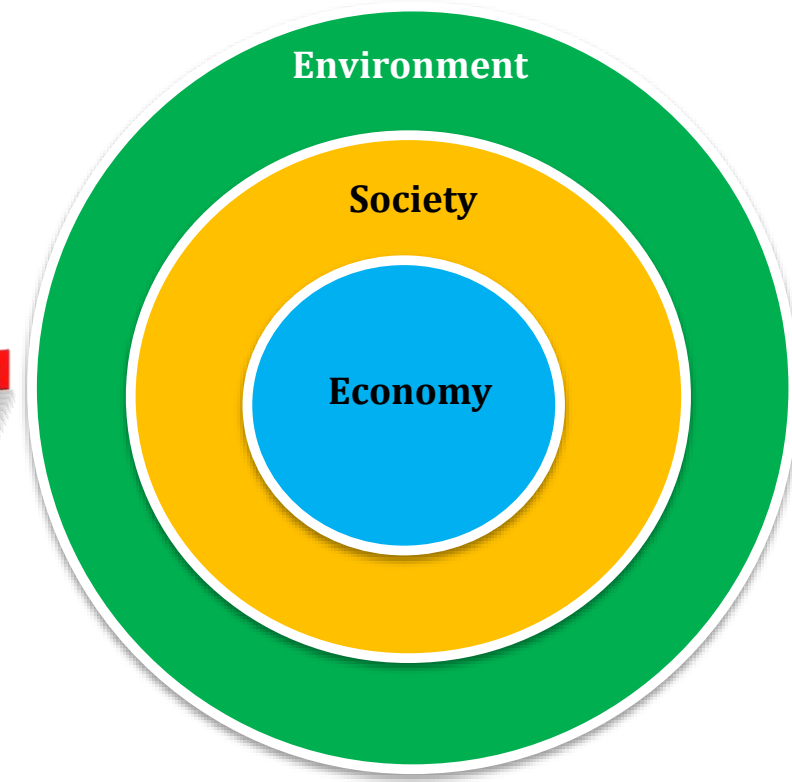
❖ **8th Five-Year National Socio-economic Development Plan (2016-2020)** of the Government of Laos, known as “**The 8th NSEDP**”.

- Outcome 1: Macro economic...
- Outcome 2: Social & Cultural...
- Outcome 3: Environmental Protection and Sustainable Natural Resource Management
 - Output 1 – Environmental Protection & Sustainable Natural Resources Management
 - Output 2 – Preparedness for Natural Disasters & Risk Mitigation and Climate change

2. Environment's Vision toward 2030

“Green, Clean, and Beautiful Laos with the richness of natural resources on a basis of Green Economic Development to reach the Sustainable Development and Industrialization in parallel to Climate Change Adaptation and Disaster Resilience.”

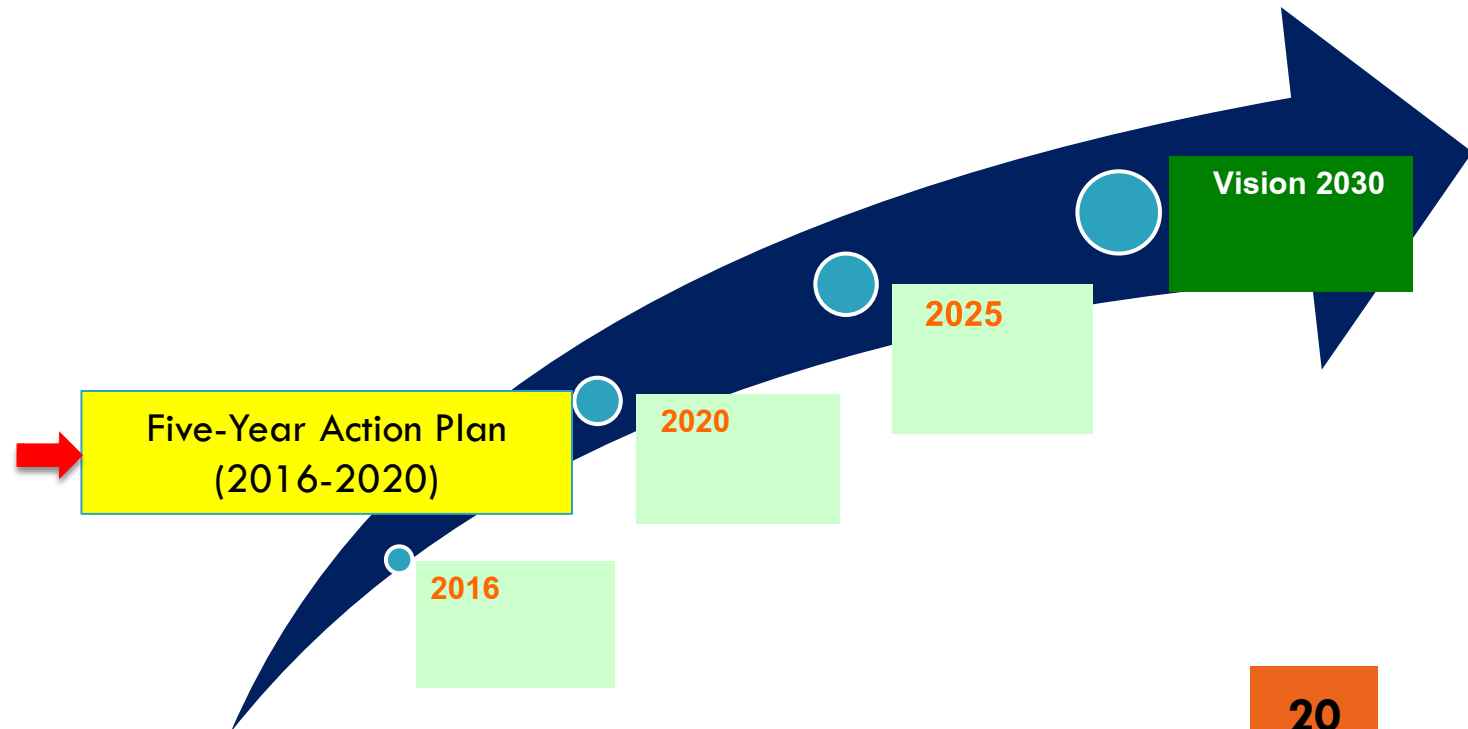
Concept of Sustainable Development



3. The Five-Year Action Plan (2016-2020) and National Strategy on Natural Resources & Environment (2016-2025)

- Overall Goal: “Green, Clean, & Beautiful Laos on a basis of Green Economic Growth in order to ensure Sustainable Development, Climate Change Adaptation, & Disaster Resilience”

- The goals and focused actions in this Five Year Action Plan are the outcomes of Ten Year Strategy and divided into 5 programmes, including:
 1. Land Management and Administration;
 2. Water Resources and Meteorology-Hydrology;
 3. Environment and Climate Change
 - 3.1. Environmental Quality Promotion, Pollution Control and Management
 - 3.2. Environmental Management and Monitoring of Investment Projects and Activities
 - 3.3. Climate Change Management
 4. Regional and International Integration and Coordination;
 5. Institutional Capacity Building



3. The Five-Year Action Plan (2016-2020) and National Strategy on Natural Resources & Environment (2016-2025) (cont..)

Five-Year Action Plan (2016-2020)

- ❖ Land Management Program
- ❖ Water Resources, Meteorology & Hydrology Management Program
- ❖ Environmental Protection & Climate Change Program
- ❖ Regional & International Integration & Cooperation Program
- ❖ Institutional Capacity Development Program

Focus Projects (2016-20)

- 1) Environmental Quality Promotion Projects (e.g. ESC, ISP, SEA, EMH, Environmentally Friendly Technology Promotion, Environmental Education)
- 2) Pollution Monitoring & Control Projects
- 3) EIA, Management & Monitoring of Investment Projects
- 4) Climate Change Adaptation & Disaster Risk Reduction Projects

4. Implementation of Environment-related SDGs in the Lao PDR

- MONRE uses its existing legal framework, as well as its vision toward 2030, Strategy 2025 and its five-year plan 2016-2020 as a basis for its mandate implementation to achieve the goal of “Green, Clean & Beautiful Laos and SDGs by 2030”;
- In March, 2017, MONRE acceded 5 SDGs with 18 targets and 28 indicators including:



IV. Challenges

- Existing poverty and least education in some local communities might probably lead to carelessness & inattention to natural resources conservation and environmental protection;
- Practicing conventional agriculture, industrial production activities, and improper waste management practices are now challenging both underground & surface water quality monitoring & management;
- More coordination and synchronization among government agencies and local authorities is still required to fully support our Natural Resources and Environment Program such as a full recognition of ISP, SEA etc..;
- Limitation of high qualified local experts and advanced technology in environmental management & monitoring. Capacity Building is highly demanded.
- Budget or financial resources are still not fully secured for its 5 year and activities;



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Thank you very much
for your attention