

Item 2

**Floor intervention at 2<sup>nd</sup> Committee, UNESCAP (2<sup>nd</sup> day – 6<sup>th</sup> November 2019)**

Lao PDR's national development plan is an umbrella covering the spectrum of SDGs, LDC and green growth so when we talk about SDG integration and financing, we normally refer to the national plan because we do not have specific budget allocation for SDGs. Costing exercise and financial needs assessment have not been carried out either due to a lack of fund and limited manpower. However, efforts have been put towards aligning financing policies that can support SDG implementation. Therefore, SDGs are implemented through our national development plans using various financing sources.

It is estimated that the current 8<sup>th</sup> five-years plan between 2016 and 2020 will require over USD 21.4 billion, which are obtained from four major envelopes: government budget, ODA, private investment and the financial sector. However, securing financing for SDGs, the predictability and sustainability of funding sources remain a challenge. To deal with this, the NSEDP has been formulated to include outputs and indicators related to tracking of domestic revenues and expenditure, FDI, ODA and South-South Cooperation. For example, indicators proposed for SDG 17 capture the crosscutting elements that can be currently monitored at country level. These include indicators on aid effectiveness and financing for development, workers' remittances, debt service, technology, and statistical capacities. Another example is that SDG investment is implemented through our public investment programme, such as the construction of new transport infrastructure to expand and enhance connectivity through roads, railways, waterways, and aviation, which aligns with SDG9.

The Government is committed to improving the efficiency and effectiveness of public expenditure, as shown by the localized indicators for effective, accountable, and transparent institutions under SDG 16 and by the NSEDP Outputs on fiscal and monetary policies. Together, these have helped to strengthen planning, budgeting, and budget monitoring systems, review the allocation of domestic public revenue against national priorities, and increase budget for social sector to minimize social inequalities.

The NSEDP's goals for harmonizing planning and budgeting are further supported by the Public Finance Development Strategy to 2025, which gives policy directions and a framework to strengthen the links between the national plan and the development budget.

Furthermore, the Government of Lao PDR has attempted to strengthen the financial sector by improving banking supervision and detecting risks. The Bank of Laos is also amending its legal framework to strengthen risk based supervision and promote Basel principles. Besides, there has also been an upgrading on the payment system and other information requirements for the securities markets. Public disclosure of audited statements of banks in Laos will be enforced to ensure greater transparency.

Besides, BOL is upgrading requirements in line with International Financial Reporting Standards (IFRS) to safeguard against money laundering and terrorism financing.

LDC-specific support related to development finance is also addressed in our national plan, such as voluntary concessional lending arrangements, and LDC-specific financing related to climate change. To help us prepare for the transition period and post-graduation, some actions have and will be considered including taking advantages of climate funds that are open to all developing countries after graduation and possible access to Technology Bank, which was established to support SDG 17.

Meeting Lao PDR's green growth objectives will require suitable financing. The National Green Growth Strategy does not have a specific budget allocation, as the implementation is expected to come from the regular budgets. However, Green Growth resource mobilization can also be supported through revenue from new taxes/duties or fees to support relevant activities especially those that support environmental protection, promote sustainability, and raise the efficiency of resource utilization.

Having said all that, we recognize the challenges that we have experienced in past cycles with aligning development planning and financing and we are committed to ensuring that funding allocation is timely and aligned with national development strategies. Meeting development challenges will require significant increases in resources. But progress towards development targets have been constrained by reduced revenue collection in recent years and limited fiscal space. Collective and the whole of government approach collaboration and coordination is needed at local, national, regional and international and it is a prerequisite for us all to move forward and translate the financing roadmap and ADDIS ABABA agenda into action.