



## **Project Inception Workshop: Building Lao PDR's Capacity to Develop Special Economic Zones**

**Thursday, 16 July 2009  
Lao Plaza Hotel, Vientiane**

***Remarks by  
Ms. Sonam Yangchen Rana, UN Resident Coordinator***

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*Your Excellency, Mr. Chueand Sombounkhan, Minister to Prime Minister's Office;  
Excellency M. Bouakham, Governor of the SEZ;  
Mr. Gil Hong Kim, Country Director, ADB Lao PDR;  
Representatives from Japan JICA;  
Excellencies, distinguished guests, ladies, and gentlemen;*

As the Resident Coordinator and on behalf of UNIDO, I am very pleased to be here at this inception workshop for the collaborative project to promote the development of special economic zones in Laos.

The development of a special eco-zone is a key method to attract direct investments needed to stimulate the economy. It is well recognised that by offering tax incentives and privileged trading terms, special economic zones can attract foreign and local investment, create employment, and boost the development of improved technologies and infrastructure. In this way, special economic zones by encouraging economic growth, they can lead to poverty reduction and achievement of MDGs and help the Government escape the list of LDCs by 2020.

There are many examples in Asia that demonstrate how well-designed and implemented SEZs can bring about many desired benefits for a country's economic growth, for example in China, Vietnam and Thailand. Recognising this opportunity and the enormous potential of SEZs, the Government of Lao has decided to establish special economic zones as an important step towards sustaining the country's current rapid economic growth. Although Lao does not benefit from access to the sea or ports directly, the construction of the East-West highway and other new roads have given Laos the advantage and profile of being a land-linked country in the region.

Currently, the Prime Minister's Office has issued a Decree establishing the Savan-Seno Special Economic Zone in Savanakhet. Additionally, the Ministry of Industry and Commerce is also in the process of developing industrial development zones in selected provinces. In the future, the Government may establish a special economic zone in Vientiane capital, and private investors have also suggested developing SEZs in Bokeo and Luangnamtha provinces. In view of this, it is extremely important to ensure that SEZs are well-designed to be implemented successfully.

From the experience in Savanakhet, a key lesson learned was the need to strengthen the policy, regulatory and operational framework to ensure that investors have confidence that the Special Economic Zone will operate effectively. Provincial authorities, line ministries and the Government at the central level have all come



together in their commitment to work together and strengthen this structural landscape to encourage investment.

This new project will address the regulatory framework of the special economic zones which need strengthening with defined roles and responsibilities in the management of the zones. Drawing on lessons learned in experiences of economic zones so far in Laos and by its neighbours, the project seeks to harness this new opportunity for the Government of Laos to maintain the country's economic growth.

In partnership with the Government of Laos, this project will be implemented as a joint initiative between UNIDO and the ADB, drawing on the strengths and cooperative advantages of the respective organization to deliver results.

As you know, both UNIDO and ADB in Laos focus their efforts on eliminating poverty by fostering productivity and growth. Within this context, UNIDO works to promote sustainable industrial development as a way to alleviate poverty through promoting investments.

This project will develop the country's capacity for economic growth, which is particularly important within the context of global growth and economic downturns, and help the Government to expand opportunities, mobilize resources, and sustain the country's rapid economic growth.

The UN and UNIDO look forward to this opportunity to work with its Government and development partners to seize the potential of SEZs to promote growth and poverty reduction in Laos.

Thank you.