BRI and SDGs in Lao PDR
(Work in Progress)

Vanxay Sayavong, Lao National Consultant

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Lao P.D.R: Resource-dependent Economy

- Annual GDP growth more than 7%, high resource dependence: agriculture, mining and hydroelectricity.
- Several development indicators are comparatively poor in ASEAN.
- BRI is currently not well understood in Laos, due to a lack of available information and evidence for its impact especially on SDGs.
- Opportunity for focused responses.
Sustainable Development Goals (SDGs) in Laos

• Among the first countries to localize the SDGs into national plan until 2030.

Goal 18: Lives Safe from Unexplored Ordinance (UXO)

More than 20 million tons during 1964-1973
Major Activities of BRI in Lao P.D.R

1st BRI: Policy cooperation

- High speed railway Investment: 5.8 billion USD
- Construction period: 2016-2021
- Distance: 414 km
- Progress: 55.69% of completed construction

2nd BRI: facility connectivity


3rd BRI: Trade and investment

- Trade: 1st Rank of export and 2nd rank of import in 2016

4th BRI: Financial integration

- Master Plan BRI cooperation strategy between Lao PDR and China
- Export-Import bank of China

5th BRI: People to people connectivity

- The number of Lao students increased to more than 9,000 students in 2016 up from 723 students in 2013
- Training in China given to Lao authorities also increased from 532 in 2015 to more than 2,000 persons in 2018.
Linkage of BRI and SDGs

Five B&R Priority Areas

- B&R 1: Policy coordination
- B&R2: Facilities connectivity
- B&R3: Trade and Investment
- B&R4: Financial integration
- B&R5: People-to-people bond

17 SDGs

Source: Hong (2017)
Potential impact of BRI on SDGs

1st BRI: Policy cooperation

- **Indicator 17.9.1**: Dollar Value of Financial and Technical assistance committed to developing countries (constant 2016 $ million).

- **Indicator of 17.19.1**: Value of All Resources Made Available to Strengthen Statistical Capacity in Developing Countries (current $)

Source: Author extracted from the report by ADB (2018, pp. 30–65)

- In 2018, Laos received a grant of 6.57 billion Yuan or 950 million USD. 5% of total contributed to capacity building.

- With assumption of the grant over ten years, 4.8 million USD per year added to Financial and Technical Assistance.

- **Indicator 9.a.1**: Total Official International Support to Infrastructure (constant 2016 $ million) to LDCs, African countries and Islands.
Potential impact of BRI on SDGs

2\textsuperscript{nd} BRI: facility connectivity

Goal 1, Goal 2, Goal 3,
Goal 4, Goal 5, Goal 6,
Goal 7, Goal 8, Goal 9,
Goal 10, Goal 11, Goal 13,
Goal 17

• \textbf{Indicator 9.1.2}: Increasing the volume of passenger and freight by road transport.

• \textbf{Target 11.1}: By 2030, ensure access for all with adequate, safe, and affordable housing and basic services, and upgrade slums could be exposed to

• The volume of freight for Lao exports to China by 60%

• The number of Chinese tourists expected to visit Lao PDR more with 380,000 to 1,150,000 persons annually.

• Dealing with the resettlement and compensation for local residents.

• In the case of railway construction project, about 4,000 local residents and at 167 villages in 13 districts within 4 provinces are expected to be affected.
Potential impact of BRI on SDGs

3th BRI: Trade and investment

Goal 1, Goal 2, Goal 8, Goal 9, Goal 12, Goal 14, Goal 15, Goal 17

- **Indicator 8.1.1:** Annual Growth Rate of Real GDP per Capita.
- **Indicator 8.2.1:** Annual Growth Rate of Real GDP per Employed Person.
- **Indicators 9.2.1 and 9.2.2** related to the increase of manufacturing value added and employment
- **Goal 12:** Responsible Consumption and Production
- **Goal 15:** Protection of Ecosystems and Biodiversity

- By December 2018, there currently are 17,115 foreign workers and 4,032 local workers employed for the railway construction project.

- Already some investors mainly China in the areas of tourism, agriculture and urbanization development or smart cities along the railway’s route.

- Social and Environmental issue due to the pollution such as chemical, ash and waste released by factories and agricultural farms
Potential impact of BRI on SDGs

4th BRI: Financial integration

- **Indicator 17.4.1:** Debt Service as a Proportion of Exports of Goods and Services (%)

![Debt Service as a Proportion of Exports of Goods and Services (%)](chart.png)

- Since the investment such as infrastructure development under BRI is mainly financed by external fund through loans.
- The same as public debt because the level of public debt was already high at 66.7% of GDP in 2018.

Source: Author extracted from the report by ADB (2018, pp. 30–65)
Potential impact of BRI on SDGs

5th BRI: People to people connectivity

Goal 3, Goal 11, Goal 16, Goal 17

• **Target 3.3:** By 2030, end the epidemics of AIDS, tuberculosis, malaria, and neglected tropical diseases; and combat hepatitis, water-borne diseases, and other communicable diseases

• **Target 11.1:** By 2030, ensure access for all to adequate, safe, and affordable housing and basic services, and upgrade slums

• **Target 16.1:** Significantly reduce all forms of violence and related death rates everywhere

• A large number of foreign labor mainly China are vulnerable to the expansion of disease such as AIDS, other communicable diseases, and security.

• In December 2018, there were 17,115 foreign workers working for the railway construction project.

• An increase of scholarships especially PhD program to Lao student should contribute to the **indicator 9.5.2:** Researchers (Full-Time Equivalent) (per million inhabitants)
Potential impact of BRI on SDGs

Goal 18: Lives Safe from UXO

• Despite potentially to link to the second (Infrastructure) and the third priority (trade and investment)

80 million bombs remain unexploded

• **Target 18.1**: Zero annual casualties from UXO accidents

• **Target 18.2**: UXO contamination cleared from high priority areas and villages

• **Target 18.3**: identified UXO survivors’ health and livelihoods needs met
General Observation

• Firstly, the definition of BRI is still clouded among policymakers in the Lao PDR.

• Secondly, the policy formulation related to BRI and its activities are mainly driven by Chinese counterpart due to the weak capacity of Lao side.

• Thirdly, there are some potential impacts of BRI on the achievement of SDGs including SDGs goal 18-reduce impact of UXO (the national SDG goal). There are risks and opportunities. The risks are mainly embedded with the social, environmental and debt sustainability whereas the potential opportunities could primarily be in the areas of poverty, economic and capacity building.

• The information of BRI activities in Lao PDR need to update some of the new information from time to time
### Pushing BRI forward to SDGs in Laos

<table>
<thead>
<tr>
<th>SDGs with Poor Performance in the region</th>
<th>SDGs with Good Performance in the region</th>
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<tr>
<td>Goal 1: No poverty</td>
<td>Goal 3: Ensuring good health and well-being</td>
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<tr>
<td>Goal 2: Zero hunger</td>
<td>Goal 11: Sustainable cities and communities</td>
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<tr>
<td>Goal 5: Achieving gender equality</td>
<td>Goal 12: Responsible consumption and production</td>
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<td>Goal 7: Ensuring access to the affordable and clear energy</td>
<td>Goal 18: Lives safe from UXOs</td>
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<tr>
<td>Goal 9: Industry, innovation and infrastructure</td>
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<td>Goal 10: Reduced inequalities</td>
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Source: The initial assessment by the author based on information from the report by ADB (2018, pp. 30–65) and Government of Laos. 2018 “Voluntary National Review” for UXOs
Thank you