



Mid-Year Report and Year-End Projection of NSEDP 2017 Implementation and 2018 Priorities

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Mid-Year Report and Year-End Projection of NSEDP 2017 Implementation



Overview

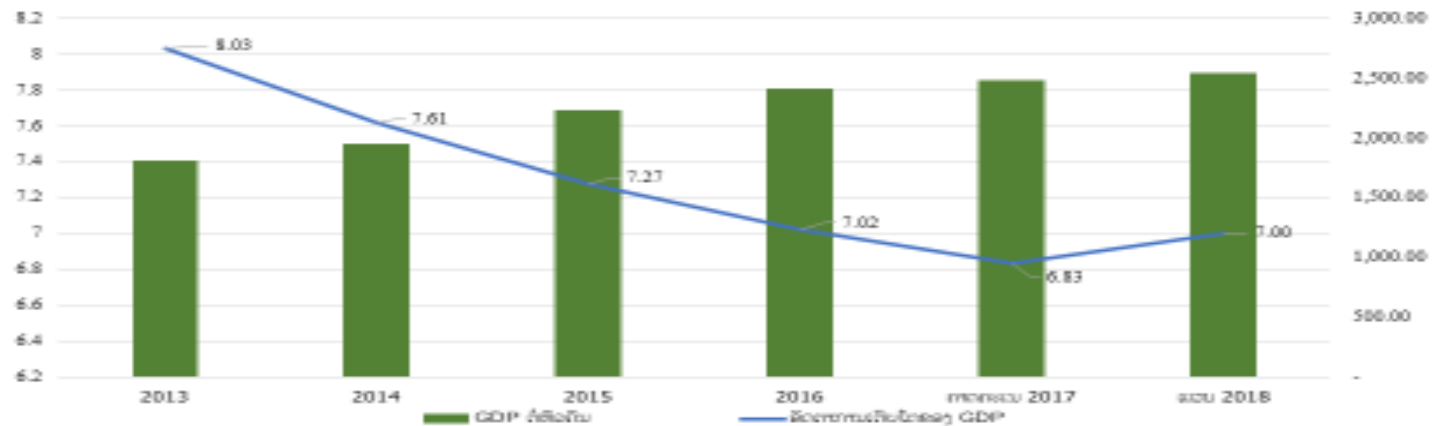
- Regional and global economic situation: slow growth and unstable.
 - + Especially slow economic growth in USA, EU and China.
- ASEAN: Economy grows continuously in key trading partners (Thailand and Vietnam)
- Domestic Situation: Political stability, Lao economy grew continuously and substantially. Business sector and people's production continued to grow.



Outcome 1: Economic dimension

Sustained, inclusive and firm economic growth

GDP growth rate and GDP per capita





Macroeconomics

Economic growth:

- GDP growth: **6.83%** (target 7%), constant price (2012)
- GDP per capita (LDC indices): **2,472** USD (target 2,341 USD)

Sectors	Growth		Structure	
	Actual	Plan	Actual	Plan
+ Agriculture	2.78%	3.1%	16.34%	18.8%
+ Industry	9.5%	8.9%	30.04%	37.2%
+ Services	6.15%	7.8%	42.08%,	34.7%
+ Customs-tax on goods and imports	6.9%	5.0%	11.53%,	9.3%



Macroeconomics

Investment for development:	Actual	Plan
• Total investment	25,330.79 billion LAK (69,5% against target)	36.366 billion LAK
+ Government budget	1,780.97 billion LAK (54% against target)	2,800 billion LAK
+ ODA	419.3 million USD or 3,518.38 billion LAK (40.7% against target)	8,629 billion LAK
+ Private investment	1,970.06 million USD or 16,530.97 billion LAK (actual capital inflow) exceeded the target 10%	14,474 billion LAK
+ Bank credits	3,500.4 billion LAK (44.8% against target)	7,800 billion LAK

- **Private investment promotion:**

- + Law on Investment Promotion
- + Promoting Public-Private Partnership (PPP)
- + Lao Business Forum (LBF)
- + Established SMEs Fund



Macroeconomics

State Budget	Actual	Plan
+ Revenues (6 months)	10,365 billion LAK	23,941 billion LAK
+ Expenditures (6 months)	12,615 billion LAK	32,402 billion LAK
+ Budget deficit (6 months)	2,250 billion LAK	< 8,461 billion LAK
Monetary policy and exchange rate	Actual	Plan
+ Inflation rate	1.45%	≤ 5%
+ Exchange rate: slightly fluctuated		
- LAK against USD (6 months)	0.66% depreciated	±5%
- LAK against THB (6 months)	5.45% depreciated	±5%
+ Foreign reserves	Covered import of 4.14 months	>5 months
+ Money supply M2 (6 months)	16.39%	< 20%



Macroeconomics

Import-export	Actual	Plan
+ Export	2,378 million USD	4,459 million USD
+ Import	2,336 million USD	4,482 million USD
+ Trade balance	Surplus 42 million USD	Deficit 23 million USD
Labor	Actual	Plan
+ Labor skill development	12,805 persons	131,600 persons
+ Labor supply	69,352 persons	143,230 persons



Production

	6 months	Year-end projection	2017 target
Rice		4.27 million tons (98,16%)	4.35 million tons
Processing industry and handicraft	4,463 billion LAK	9,217 billion LAK (exceeded 33% against target)	6,927 billion LAK
Goods traffic value	25,618 billion LAK	51.687 billion LAK (exceeded 4.5% against target)	49,420.75 billion LAK
Electricity	13,559 million kWh	29,052 million kWh	30,000 million kWh
Minerals	5,368.67 billion LAK	10.818,7 billion LAK	15.000 billion LAK
Tourist arrivals	2.03 million person-times, revenue 347 million USD	4,8 million person-times, revenue 843 million USD	5.4 million person-times, revenue 875 million USD



Outcome 2: Social dimension

Human resources are developed; poverty in all ethnic groups is reduced, all ethnic groups and both genders have access to quality education and health services; the unique culture of the nation is protected and consolidated



Social sector

LDC indices (HAI)	Actual	2017 targets
- Gross enrolment rate at lower secondary	82.9%	85%
- Gross enrolment rate at upper secondary	51.4%	51%
- Literacy rate in population age 15 or above	92.45% (Census 2015)	
- Literacy rate in population age 15-24	84.7% (Census 2015)	
- Mortality rate of children under 5	1,160 persons (data per 1,000 live births not yet available)	



Social sector (cont.)

	Actual	2017 targets
Rural development and poverty eradication:		
+ Poor families	6,546 families	5,580 families
+ Poor villages reduction	36 villages, 20.22% against target	178 villages
+ Development villages	81 villages, exceeded 3.8% against target	78 villages
Health:		
+ Maternal mortality rate	56 persons (data per 100,000 live births is not yet available)	
+ Clean water usage in population	89.3%	87%
+ Sanitation facilities usage in households	70.3%	72%



Social sector

	Year-end projection	2017 targets
Health (cont.):		
+ Underweighting in children under 5	27%	22%
+ Stunting in children under 5	38%	34%
Education:		
+ Survival rate from primary Grade 1 to Grade 5	81.1%	82%



Outcome 3: Environmental dimension

Natural resources and the environment are effectively protected and utilized according to sustainable principles; there is readiness to cope with natural disasters and the effects of climate change



Natural Resources and Environment

- Developed Green Growth Strategy No. 0001/NSCGG dated 19 April 2017
- PM's Order 15/PM on Halt Logging
- Allocation and management on production forest in a sustainable manner in 51 areas, 3.1 million hectares across the country, which divided into 112 management areas and 330 sub-management areas
- Replantation area: 3,640 ha, 33% against the target (11,000 ha),
- Issued 47,450 land titles, 55.8% against the target (target 85,000 land titles)
- Improved 18 weather forecast stations and 8 hydrology stations
- Completed data processing for mapping areas prone to disaster risk and climate change vulnerable areas



Cross-Cutting Areas



Cross-Cutting Areas

- Improved and developed legal instruments necessary for science and technology management: issued 4 laws, 5 decrees and 10 agreements.
- Conducted research and development, transferred and adopted science and technology in the areas where applicable, support creative and modern technology in the production
- Provided vocational trainings to a poor and deprived group of women and youth



Cross-Cutting Areas

- Conducted awareness raising activities related to violence against women and children
- Advertised youth and adolescent activities through different means of communication such as Sinxay New Generation Radio, Lao Youth Newspaper, and magazines
- Provided training on local administration and one-stop services to provincial staff that working in home affairs sector (in Oudomxay, Houaphanh, Xiangkhouang, Luang Prabang and Xayaboury)



Challenges and Pending Issues

- Vulnerable macroeconomics, state budget shortage, high budget deficit to GDP ratio, exchange rate fluctuation, low effectiveness in applying fiscal and monetary policies.
- Import-export management, and goods and prices control (consumer products) was not strong and effective enough
- Sectoral and provincial production promotion was still weak, limited number and low quality of pilot projects
- Many issues related to business facilitation need to be addressed
- SMEs access to finance needs to be further increased



National Socio-Economic Development Plan 2018



Special Features of NSED 2018

- 1) To prepare for the 8th NSED Mid-Term Review and to further integrate green growth development into the End-of-Term Implementation of the 8th NSED
- 2) To prepare for LDC review (GNI, HAI, EVI)
- 3) To implement Agenda 2030 (SDGs)
- 4) To promote tourism through the organization of Visit Laos Year 2018



Directions and Tasks of NSED 2018

1. To continue maintaining political stability, social peace and order
2. To maintain macro stability with robust and sustainable growth
3. To improve education and health services both quantitatively and qualitatively, develop labor skills and socio-culture.
4. To organize Visit Laos Year 2018 as one of important events at national level in order to stimulate the economic growth
5. To develop rural areas and eradicate poverty linking with Sam-Sang directive implementation



Directions and Tasks of NSEDP 2018

6. To promote commercial production and exports by actively applying promotion policies on domestic and foreign investment, pay attention on promoting SMEs
7. To improve the rule of law to be more effective in all sectors and provinces
8. To improve organization by lifting up effectiveness on public management and administration at both central and local levels to be more precise, transparent and just
9. To protect the environment and efficiently utilize nature resources for the sustainability
10. To consistently implement international cooperation policies and actively expand the regional and international cooperation



Main Targets of the NSEDP 2018



Macro targets

Economics	Target	
GDP growth rate	7%	
GDP Value	149,471 billion LAK	
GDP per capita	2,536 USD	
Agriculture	Increase by 2,8%	Cover 15.73% of GDP
Industry	Increase by 9,1%	Cover 30.79% of GDP
Services	Increase by 6,4%	Cover 41.83% of GDP
Customs-taxation on goods and imports	Increase by 9.0%	Cover 11.65% of GDP



Macro targets

Investment for development	Targets	% of total investment	% of GDP
• Total investment	42.145 billion LAK		28.20 %
+ Government budget	4,600 billion LAK	10.91%	3.07%
- Public investment	2,800 billion LAK		
- Others	1,800 billion LAK		
+ Official Development Assistance (ODA)	8,052 billion LAK	19.11%	5.38%
+ Domestic and foreign private investment	20,730 billion LAK	49.18%	13.86%
+ Monetary system	8,763 billion LAK	20.80%	5.86%



Macro targets

Budget	Targets
• Revenues	25,452 billion LAK
• Domestic revenue	22,700 billion LAK
• Expenditures	≤ 32,809 billion LAK
• Budget deficit	≤ 7,357 billion LAK 4.92% of GDP



Macro targets

Monetary policy and exchange rate	Targets
<ul style="list-style-type: none"> Inflation rate 	$\leq 5\%$
<ul style="list-style-type: none"> Foreign reserves can cover imports of more than 5 months 	
<ul style="list-style-type: none"> Money supply (M2) 	$\leq 25\%$
Import-Export	Targets
<ul style="list-style-type: none"> Export 	Approximately 5,015 million USD
<ul style="list-style-type: none"> Import 	Approximately 4,978 million USD
<ul style="list-style-type: none"> Trade surplus 	Approximately 37 million USD



Macro targets

Labor balance	Targets
• Agriculture sector	To reduce from 64.5% to 64.3%
• Industry and construction sector	To increase from 11.8% to 12%
• Service sector	23.7%



Production

	Targets
Rice	4.2 million tons
Processing industry and handicraft	9,614.90 billion LAK.
Goods traffic value	57,386 billion LAK.
Minerals	10,974 billion LAK
Electricity	31,701 million kWh
Tourist arrivals	5.2 million person-times
Revenue from tourism	900 million USD



Socio-culture

Rural development and poverty eradication	Targets
+ Poor families	4,833 families
+ Poor village reduction	220 villages
Education:	
+ Survival rate to primary Grade 5	84%
+ Gross enrolment rate at lower secondary level (LDC indices)	83.5%
+ Gross enrolment rate at upper secondary level (LDC indices)	54.3%



Socio-culture

	Targets
Mortality rate of children under 1	38/1000 live births (SDG2030: 21/1000 live births)
Underweighting in children under 5	21%
Stunting in children under 5	33.2%
Maternal mortality rate	179/100,000 live births (SDG 2030: 70/100,000)
Percentage of clean water usage	88% (SDG: >95%)
Percentage of sanitation facility usage	73% (SDG 2030: >90%)



Budget Investment Priorities

Domestic investment 2,800 billion LAK	
1. Project debt repayment	40%
2. On-going projects	35%
3. New and co-finance projects	25%

Prioritize on people's poverty eradication, human resource development, small sized infrastructure development, science and technology research and application



Improvement on Private Investment Climate

- Debt repayment for infrastructural construction projects
- Banking sector and business sector integration
- Business facilitation such as one-stop services
- SME access to finance and development
- Labor skill development to support the FDI



Improvement on Public Finance

- Revenue collection modernized with new systems
- Data collection and database established to serve daily information consolidation
- Established Medium-Term Expenditure Framework
- Conducted monitoring and evaluation on PIPs
- Enhance planning and financial disciplines



Implementing policies and measures

- Ensure social peace and order (address social drawback)
- Closely monitor and manage macroeconomic situation: inflation rate, exchange rate, money supply $M2$ to stay at the target level.
- Monitor, maintain and tight control on foreign exchange rate flexibility within defined range
- Modernize budget revenue collection, customs-taxation to consolidate the revenue in a more accurate and adequate manner by implementing savings policies as defined in PM's Order No. 09/PM
- Improve investment climate by addressing bottleneck that impeding the business operation



Implementing policies and measures

- Apply SME promotion policies to increase their capacity and competitiveness
- Focus on inclusive and comprehensive rural development to improve people's livelihood and eradicate the poverty
- Strictly apply planning and financial disciplines and related rules
- Implement work and action plans including activities related to Visit Laos Year 2018 along with ensuring social peace and safety, offering welcome services and good host



Thank you