



Round Table Implementation Meeting 2014

“Accelerating the achievement of the 7th NSEDP/MDGs and 2020 LDC Graduation”

**Achievement of the National Socio-Economic
Development Plan FY2013/2014, Directions for NSEDP
FY2014/2015 and 8th National Socio-Economic
Development Plan (2016-2020)**

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Don Chan Palace Hotel

H.E. Dr. Bounthavy SISOUPHANTHONG
Vice Minister of Planning and Investment

Presentation Outline

- Part I: Achievement of the National Socio-Economic Development Plan FY2013/2014
- Part II: National Socio-Economic Development Plan 2014-2015
- Part III: Initial draft of 8th National Socio-Economic Development Plan (2016-2020)

Part I

**Achievement of the National Socio-
Economic Development Plan
FY2013/2014**

Economic Growth

- GDP Growth Rate: 7.6%, at current price value 91,587 billion kip or equivalent to 11.46 billion USD
 - Agriculture Sector increased 2.9 %; accounted for 24.4%;
 - Industry increased 8.7% accounted for 28.4%
 - Service increased 9.3% accounted for 39.1% (exclude Import Duty)
- GDP per capita: 13.5 million Kip or USD1,692

Fiscal-Monetary Targets

- Revenue: 22,038 billion Kip or 96.72% of the adjust plan target
 - Domestic Revenue 17,168 billion Kip or 96.2% of the plan target
- Expenditure: 26,017 billion Kip or 94.5% of the adjust plan
- Inflation: 5.16% (FY2013-14) slightly decreased compared to the previous year (FY2012-13: 5.64%)
- Exchange Rate
 - Kip-USD depreciated 2% (from 7,856.68 to 8,015.45) (FY2013-14)
 - Kip-Baht appreciated 4% (from 259.37 to 250.28) (FY2013-14).
- M₂ increased by 17.55% (Aug 2014) compared to Aug 2013.
- Foreign Reserves: USD 687.9 million (as of 08/2014)

Imports-Exports

- Exports: USD 1,620 million (first six months)
- Imports: USD 1,979 million (first six months)
- Trade Deficit: USD 359 million (3.1% of GDP).

Total Investment

- **Government budget (half year):** implemented 2.469 projects, value 2,333.09 billion kip or 31% of the plan, of which, domestic budget of 1,385.31 billion kip or 42% of the plan.
- **Grants and Loans:** implemented 784 projects, value USD795.18 million or 6,361.4 billion kip exceed the plan.
- **Domestic and Foreign Investment:** implemented 1,150 projects value USD3,383 million or 27,138 thousand billion kip, exceed the plan by 61% (increased 11% compared to previous year).
- **Bank Credit: Increased** 7,695.90 billion kip (as of August 2014) exceed the plan.

Economic Sector Development

- Rice production: 4 million tons
 - Rainy Season Rice 2013: 3.28 million tons.
 - Upland Rice: 0,20 million tons.
 - Dry Season Rice 2014: 555.000 tons.
- Value of Manufacturing and Handicraft Production: 5,357 billion Kip (increase of 6% compared to previous year).
- Electricity Production: 15,131.3 million KWH (increase of 10.7% compared to previous year).
- Electricity consumption cover 87.58% (exceed the five year plan target (80%), compared to previous year increased by 2%)
- Value of Mining Production: 7,382 billion Kip (6 months), decreased 2,69% compared to previous year

Social Sector Development

- Net Enrolment Ratio in kindergarten: 39%, exceed the plan by 8.3%
- Net Enrolment Ratio in primary education: 98% as the plan target
- Survival Rate in Primary education: 73.3% compared to the plan cannot achieve (84.2%)

Social Sector Development

- Maternal Mortality Ratio: 220 per 100,000 live births
- District hospital: 130 hospitals
- Health Centre: 922 centres
- 16 private hospitals and health centers had been approved, 11 in the central and 5 in provinces

Social Sector Development

- Skill development for 37,054 people compared to the plan can achieve only 83.61%
- Job for Lao workers both domestic and international for 56,941 workers exceed the plan 2.96%.

Challenges and pending issues

- Some targets are pending such as targets on economic growth rate, budget revenue-expenditure, macroeconomic stability, and some socio-culture targets delay.
- Some sectors and provinces did not fully committed and active enough in implementing the plan; ownership and participation from all social group in the plan implementation is not yet widely promoted.

Challenges and pending issues (cont.)

- Inter-sectoral coordination, coordination between sector and provinces are fairly weak and difficult to establish in some areas, several issues are not yet thoroughly taken into detailed and comprehensive consultation which resulted in ineffective implementation of the plan.
- Accountability in the planning and financial principles in some sectors and provinces are fairly weak, enforcement of laws and regulations is not strictly enough especially those provisions on off-plan investments, project operations that are not compliant with the Public Investment Law and other related ones caused an increase in public debts to the critical level that threatening the macroeconomic stability, debt management and clearance concerned sectors are not well coordinated.

Part II
National Socio-Economic
Development Plan 2014-2015

Macro-economic Targets

- GDP Growth Rate: 7.5%
- GDP in current prices: 102,320 billion Kip
- GDP per capita: USD1,860
 - Agriculture Sector increased 3.0%; accounted for 23.7%;
 - Industry increased 8.9% accounted for 29.1%
 - Service increased 9.1% accounted for 39.0% (exclude Import Duty)

Macro-economic Targets

- Revenue: 25,815 billion Kip accounted for 25% of GDP.
- Expenditure: 31,000 billion Kip accounted for 30% of GDP
- Budget Deficit: 5,185 billion Kip or 5.06% of GDP
- Inflation Rate below GDP growth rate
- Money Supply (M2) increases in a proper rate and does not affect the inflation rate
- Foreign Reserves cover 5 months of imports.
- Saving in the banking system covers 49% of GDP
- Bank credit: 46% of GDP

Macro-economic Targets

- Continue to apply the stated managed exchange rate policy according to the market mechanism, creating normally stable exchange rate, kip currency appreciation and depreciation within $\pm 5\%$ compared to main foreign currencies
- Exports: USD 4,168 million
- Imports: USD 4,700 million
- Trade Deficit : USD 532 million (4.1% of GDP).

Financing Plan

- Total financing of 30,690 billion Kip or 30% of GDP:
 - Government Budget: 3,300 billion Kip (11% of total financing plan).
 - Grants and Loans: 5,279 billion Kip or USD 660 million (17% of total financing plan).
 - Private domestic and foreign investment 15,611 billion Kip or USD 1,951 million (51% of total financing plan).
 - Bank Credit: 6.500 billion Kip (21% of total financing plan).

Implementing measures

- Raise accountability in domestic revenue collection, ensure budget balance as indicated in the plan target, strictly enforce the financial regulations, counter an issue of budget revenue leakage in areas like tax-custom collection, public assets, land fee collection, logging and export of wood; ensure compliance of import tariff exemption by law and agreements on PIPs.

Implementing measures (cont.)

- Prudently manage budget expenditure by encouraging appropriate use of money and modernizing financial sector step by step; pay special attention to personnel reform and development in the financial sector; and strictly apply measures on financial principle violators.
- Strictly enforcement on Public investment law, Budget Law and planning-budgeting discipline. Definitely do not implement projects without NA approved in yearly.
- Line ministries/provinces shall allocate at least 35% of their annual budget ceiling to cover the debt repayment, if any, to the PIP under their responsibility which have 100 completed and terminated the contacts in order to resolve the debt issues.

Implementing measures (cont.)

- Strictly follow policy on appropriate use of money and stop all forms of extravagance; conduct campaign for public awareness on appropriate use of money and increase savings to create capital for future national development including industrialization and modernization.
- Policies and measures on pricing are not clear and comprehensive, especially pricing of strategic goods and those that have direct impact on people's livelihood which resulted in continued increase in prices of goods and services, cost of living especially in big cities.

Part III

Initial draft of the 8th National Socio-Economic Development Plan (2016-2020)

Overall Goal and Directions

Overall Goal of the 8th NSEDP

“Reduced poverty, graduation from Least Developed Country Status (LDC) by 2020 with sustained and inclusive economic growth through promotion of national potential and comparative advantages; effective management and utilization of natural resources and strong international integration”

5 directions and main tasks

- i. Economic growth rate constantly and macro stability is achieved
- ii. Human resource development and social-cultural sector development
- iii. Ensure effective management and utilization of natural resources and environmental protection for sustainable development
- iv. Political stability, peace, and social order are maintained;
- v. International cooperation continues to expand in different aspects.

Key Indicators and Targets of the 8th NSEDP

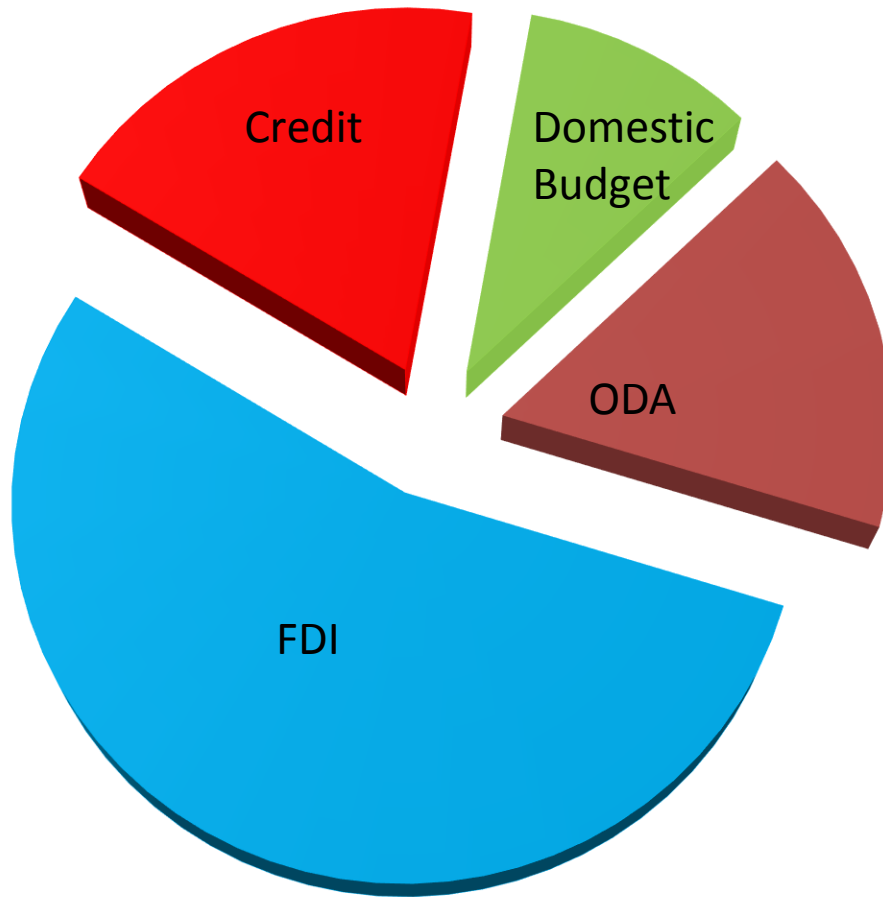
Macroeconomic Targets

- GDP growth in average $> 7.5\%$
- GDP per capita in 2020 : about USD 3,180 (USD 2,700 in GNI)
- Human Asset Index (HAI) > 68 in 2020
- Economic Vulnerability Index (EVI) < 32
- Inflation rate $< 6\%$ per year
- Stable and manageable exchange rate

Macroeconomic Targets

- Foreign exchange reserve at least 5 months of imports
- Export: > 18% per year
- Revenue: 23-25% of GDP
- Budget deficit: < 5% of GDP

**Estimated total investment about 232,000 billion Kip
(USD 29 Billion) or about 30% of GDP**



- Domestic	9-11%
- ODA	15-17%
- FDI	53-59%
- Credit	17-19%

Proposed Outcomes and Outputs of the 8th NSEDP

Outcomes

1. Sustained inclusive economic growth with economic vulnerability (EVI) reduced to levels required for LDC graduation and consolidated financial, legal and human resources to support growth

Outcomes cont.

2. Human development enhanced to LDC graduation criteria level and achievement of off-track MDGs through the provision and use of services which are balanced geographically and distributed between social groups
3. Reduced effects of natural shocks as required for LDC graduation and sustainable management of natural resource exploitation

Outputs

Outcome 1:

- Output 1.1 Sustained and inclusive economic growth
- Output 1.2 Macro-economic stability
- Output 1.3 Development planning and budgeting aligned
- Output 1.4 Balanced regional and local development
- Output 1.5 Improved public / private labor force capacity
- Output 1.6 Local entrepreneurs are competitive in domestic and global markets
- Output 1.7 Lao PDR is effectively contributes to and benefits from regional / international integration

Outputs

Outcome 2:

- Output 2.1 Improved living standards through poverty reduction
- Output 2.2 Food security ensured and incidence of malnutrition reduced
- Output 2.3 Access to high quality education service
- Output 2.4 Access to high quality health services
- Output 2.5 Access to improved quality social welfare
- Output 2.6 Traditions and culture protected
- Output 2.7 Peace, order and justice achieved in the society with gender equality and transparency

Outputs cont.

Outcome 3:

- Output 3.1 Environmental protection
- Output 3.2 Preparedness for the natural disasters and risk mitigation
- Output 3.3 Reduced instability of agricultural production

Cross-Cutting Issues

1. Applied science, technology and communication
2. Gender and women's advancement, and mother and child
3. Adolescent and youth development
4. Governance and public administration

Timeframe for 8th NSED Preparation

Timeframe for 8th NSEDP Preparation

- Consultation meetings NSEDP VIII with line ministries/sectors and provinces and other stakeholders during October to November 2014
- 15th January 2015, line ministries/sectors and provinces submit their final inputs to MPI, DOP
- April-May 2015, MPI submit the 8th Plan to the Cabinet Meeting for comments
- June 2015, the Government submit the final 8th NSEDP to the National Assembly for considering regarding by Law.