

State Budget Implementation for 9 Months of 2018 and 2019 Plan

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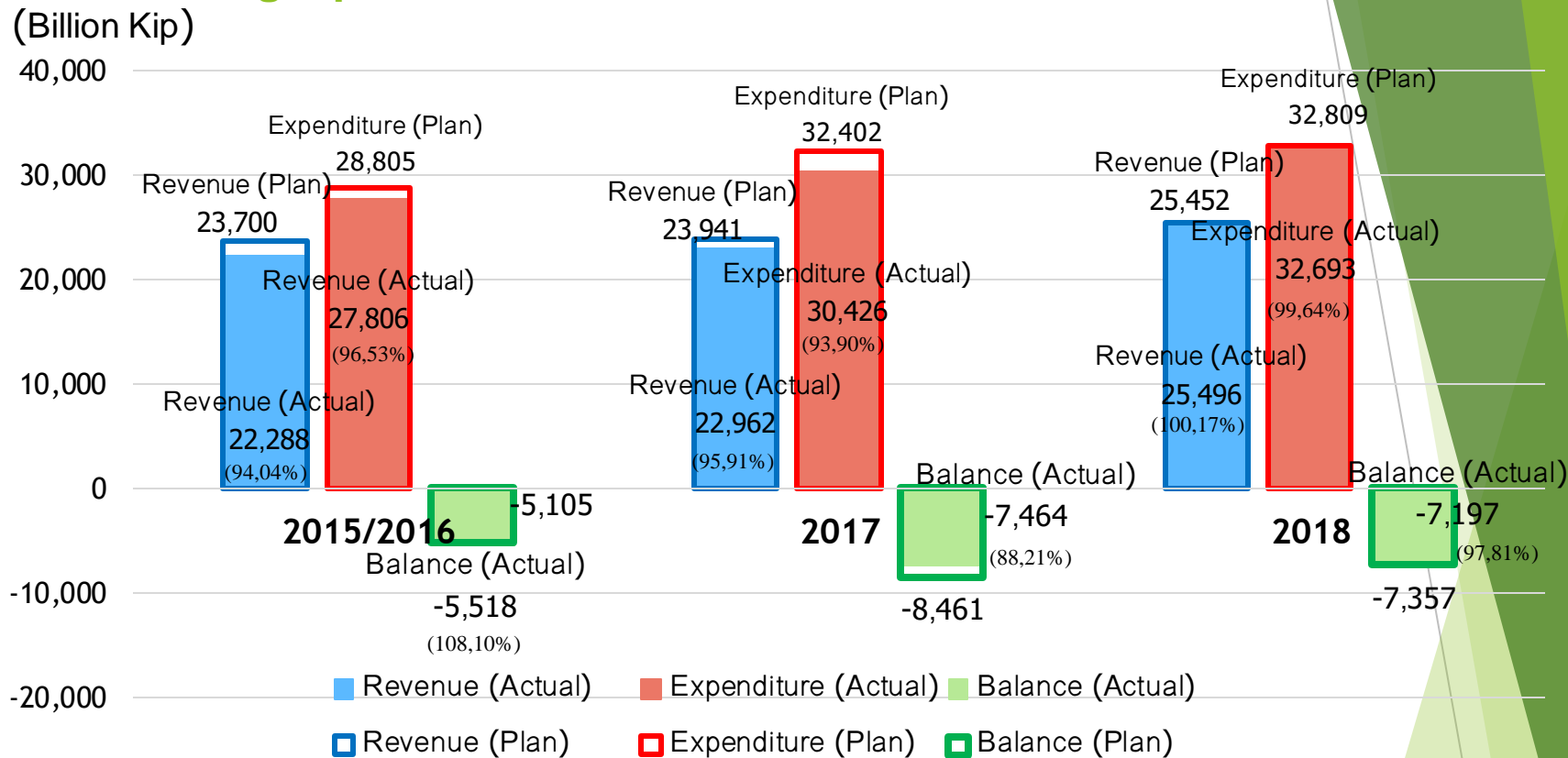
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Comparison of the 2018 State Budget implementation to the State Budget plan for FY 2015/16 to 2018



Note: The expenditure for the FY 2015/16 does not include amortization except 2017 and 2018

Factors: The reason that the revenue collection cannot be implemented as planned over last period because the endogenous and exogenous factors causes the assumption lower than projection such as:

- Prices of minerals and fuel decreased and were below projection.
- Economic expansion made a slow and average growth at 7%. Furthermore, the key factor affecting the economic expansion is tax exemption according to Law on Investment Promotion.

Budget implementation for 9 Months of 2018

(Unit: Billion Kip)

No	Content	Budget Plan Implementation			Comparison % (to Plan)	
		NA approved	Actual (9M)	Plan (Annual)	Actual (9M)	Plan (Annual)
A	B	1	2	3	4 = 2/1	5 = 3/1
I	Total revenue (1+2)	25.452	17.063	25.496	67,04%	100,17%
1	Domestic revenue	22.700	15.819	22.421	69,69%	98,77%
2	Grants	2.752	1.243	3.074	45,20%	111,73%
II	Total expenditure (3+6)	32.809	22.363	32.692	68,16%	99,64%
3	Domestic expenditure (4+5)	24.757	15.276	24.640	61,70%	99,53%
4	Current expenditure	20.157	12.702	19.940	63,02%	98,92%
5	Capital expenditure (Budget)	4.600	2.574	4.700	55,97%	102,17%
6	Foreign capital expenditure	8.052	7.087	8.052	88,03%	100,00%
III	Financing (I – II)	-7.357	-5.299	-7.196	72,03%	97,81%

Notes: The total revenue is implemented over plan resulted by the grants is over plan (from programme loans)

Budget implementation for 9 Months of 2018

(Unit: % of GDP)

No.	Contents	Budget Plan Implementation		
		NA approved	Actual (9M)	Plan (Annual)
A	B	1	2	3
I	Total revenue (1+2)	15.38%	10.31%	15.41%
1	Domestic revenue	13.72%	9.56%	13.55%
2	Grants	1.66%	0.75%	1.86%
II	Total expenditure (3+6)	19.83%	13.51%	19.76%
3	Domestic expenditure (4+5)	14.96%	9.23%	14.89%
4	Current expenditure	12.18%	7.68%	12.05%
5	Capital expenditure (Budget)	2.78%	1.56%	2.84%
6	Foreign capital expenditure	4.87%	4.28%	4.87%
III	Financing (I – II)	-4.45%	-3.20%	-4.35%

Six Priorities of Public Financial Management Reform

Implementation Plan Step 1 (2018-2020) of Phase II (2018-2025)

1. Programme 1: Fiscal Policy Improvement
2. Programme 2: Legal Framework Development and Improvement for Public Finance Sector
3. Programme 3: Revenue Management Reform
4. Programme 4: Expenditure Management Reform
5. Programme 5: Modernisation of Public Finance Sector
6. Programme 6: Organisational Structure and Human Resource Development.

Budget plan for 2019 and coming years

- Enhance the effectiveness and expanding revenue base to increase Domestic revenue around 10% per annum;
- Ensure an economised and effective public expenditure, especially manage increase in Domestic expenditure at about 50% of the increase in Domestic revenue;
- Foreign capital expenditure (project loans): selecting the best projects. New project loans (< \$200 million/year and issuing government bonds each year not more than \$200 million);
- Enhance Domestic revenue to sufficiently cover Domestic expenditure for next 2-3 years to decrease the public debt.

No.	Contents	Budget Plan			
		2019 (Billion Kip)	2019 (% of GDP)	2020 (% of GDP)	2021 (% of GDP)
I	Total revenue (1+2)	26,505	16.0%	16.0%	16.1%
1	Domestic revenue	24,440	14.8%	14.9%	15.0%
2	Grants	2,065	1.2%	1.1%	1.1%
II	Total expenditure (3+6)	33,434	20.2%	19.3%	18.1%
3	Domestic expenditures	26,321	15.9%	15.2%	15.0%
4	Current expenditures	22,121	13.4%	12.8%	12.6%
5	Capital expenditure (Budget)	4,200	2.5%	2.5%	2.4%
6	Foreign capital expenditure	7,113	4.3%	4.1%	3.1%
III	Financing (I – II)	-6,929	-4.2%	-3.3%	-2.1%
IV	Domestic financing (1 – 3)	-1,881	-1.1%	-0.4%	0.0%

2019 Fiscal Policies and Measures

► Revenue

- ✓ Establishing an **comprehensive** and clear database, **expanding revenue base** and **creating new revenue base**;
- ✓ **Modernising a revenue management system** and **banking payments system**;
- ✓ Turn appropriation payment unit into accounts maintenance;
- ✓ **Expanding** and strictly enforcing a Value-added Tax (**VAT**) collection into laws;
- ✓ **Inspect** a large business that filed tax below reality, monitor and decelerate claims of outstanding debts with **large companies**;
- ✓ Issuing **measures** on managing and **enhancing the smuggling of goods import** and registering all **shipping service companies** in a harmonised system;
- ✓ **Reviewing and improving the management of the State-owned Enterprises (SOE)**;
- ✓ Implementing the **allocation policies of revenue** collected more than plan to locality and technical budget revenue at central level **more than plan** in ratio of **60/40**;
- ✓ Studying **management measures of fuel import**;
- ✓ **Establish and improve laws** i.e. Law on Tax Administration, Income tax, excise tax, customs and insurance.

2019 Fiscal Policies and Measures(Cont.)

► Expenditure

- ✓ **Implementing policies and allowances to heads of village nationwide;**
- ✓ **Improving payroll management;**
- ✓ **Studying policies on revenue collection associated with expenditures;**
- ✓ **Studying financing measures to ensure the liquidity of expenditure implementation at local level;**
- ✓ **Strengthening monitoring measures of expenditure implementation and post-auditing;**
- ✓ **Translating laws and issuing instructions** i.e. Law on Public Procurement and implementing the Prime Ministerial Decree No. 09/PM;
- ✓ **Improving legislations and mechanism of implementing revenue-expenditure, technical works and funds;**
- ✓ **Inspecting and improving the implementation of policies and allowances to remote areas according to the Prime Ministerial Decree 468/PM;**
- ✓ **Adhering strictly to the planning and financial disciplines** ເຂັ້ມງວດການປະຕິບັດວິໄນແຜນການ-ການເງິນ;
- ✓ **Audit SOEs that redundantly calculate or make budget plan to negotiate a reduction in expenditure and accommodate the SOEs in accordance with laws and regulations;**

2019 Fiscal Policies and Measures(Cont.)

► Financing

- ✓ **Expanding bond market** such as China and other countries;
- ✓ Distribute the Government bonds in **stock market**;
- ✓ **Studying measures on revenue-expenditure financing for provinces**;
- ✓ **Manage and administer debts in particular**;
- ✓ **Stop new loans with business conditions** (high interest), which in turns, focusing on good soft loans;
- ✓ **Issuing the Government security to business sector.**

Thank you

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the frame, creating a modern, layered effect against the white background.