



Executive Summary of the Mid Term Review of the 8th NSED P 2016-2020

Round Table Meeting

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Presentation outline

1. Executive summary of the 8th NSEDP Mid-Term Review
2. Challenges/constraints and measures for the remaining period of the 8th NSEDP
3. Preparation for a formulation of the 9th NSEDP (2021-2025)



1. Executive summary of the 8th NSEDP Mid-Term Review

Outcome 1: Economic Development



	Description	Target (2016-2020)	Achieved 2016	Achieved 2017	Estimated 2018	Average (3 years)
I	GDP growth (%)	>7.2	7.0	6.90	6.5	6.8
1	- Agriculture and Forestry (%)	3.4	2.8	2.90	2.5	2.73
2	- Industry (%)	9.3	12.0	11.60	7.7	10.43
3	- Services (%)	8.1	4.7	4.50	7.6	5.60
4	- Taxes and customs duties on goods and imports (%)	5	7.8	7	3.7	6.17
	<u>Economic structure (%)</u>					
1	- Agriculture and Forestry (%)	16.8	17.23	16.20	15.7	16.38
2	- Industry (%)	39	28.76	30.9	31.7	30.47
3	- Services (%)	35.4	42.48	41.5	41.7	41.90
4	- Taxes and customs duties on goods and imports (%)	5	11.53	11.4	10.9	11.27

Outcome 1: Macro-economic stability



- **Inflation – 2 year and 8 months** 1.66%. (below GDP growth).
- **M2** increased with in 10.9% (2016) and 12.2% (2017) (the plan's target 24% a year)
- **Foreign reserves** decreasing (2016-5.26 months, 2017-4.4 months , and August 2018-3.3 months.)
- **Revenue and expenditure**
 - Revenue collection: 16.7% of GDP (target 18.6% of GDP)
 - Expenditure: 22% of GDP (target 23.3% of GDP)
 - Budget deficit: 5.7% of GDP (target 4.23% of GDP).
- **Investment:**
 - 30.4% of GDP (target 29% of GDP)

Outcome 2 – Social Development



Poverty Reduction and UXO

- 92 focus areas with 272 programmes amounting to 165.23 Billion Kip – Investment through Nayabay Bank 2,343.2 Billion
- 11,359 households within 206 villages of 7 districts – moved out from the list of poverty households.
- Positive progress with increased basic infrastructure for socio-economic development: schools, health care units, roads, small irrigation, agriculture production
- UXO clearance - 1.3 million items destroyed within 53,000 hectare, victims – decreased from 302 (2008) to 41 (2017).

Education, human development and sport:

- Continue education sector reform and human development - Education infrastructure, curriculum, early child education, secondary and upper secondary education. The participation rate for 3 to 5-year-old children has increased from 43 percent in 2015 to 56 percent in 2018 and net enrolment rate (98.8%) and Gross enrolment ratio, lower secondary (83.1%)

Health:

- Health sector reform focusing on service delivery both – quantitative and quality, service delivery to rural areas
- Health care units (Souksara) at village level have been increased – this leads to health coverage reached 98%
- Rate of pregnant women who have regular health checks – 50.6% (2016), 52.2% (2017)
- Skilled attended birth delivery rate – 51.6% (2016) and 56.4% (2017)
- Stunting below 5 y.o fell from 32 % to 20 %
- Life expectancy 71 y.o

Outcome 2 – Social Development (Continued)



Labour and social Welfare:

- The sector has been enhanced focusing on skill labour, labour capacity and employment – increased base salary from 620,000 to 900,000 a month.
- Coverage of social and health security expanded (996,000 = 14% of population (LFS 2017). Unemployment rate – 2% and labour composition per sector (35.8% - agriculture, retail/wholesale – 21.4%, industry 9%, electricity – 0.7% and mining 0.5%).

Protection of National Traditions, Cultures and Tourism:

- Lao Tourism 2018 campaign – wide advocacy through Biz News and CNN
- In addition to the expansion of cultural families (68%) and model development villages (61%)
- 4 million tourists on average (2016-20217) (target 6 million toward 2020). Average revenue = \$686 millions (target = \$953 millions).

Stability and social order:

- A number of activities to educate communities on drug issues and other social matters (gambling, HIV/AIDs, sex workers etc) in order to promote peace and unity within society.
- Advocacy through various media channels.

Outcome 3 – Environmental Development



- **Several steps to improve the legislative and regulatory frameworks.**
 - The updating and approval in 2017 of the Water and Water Resources Law With meteorology and hydrology;
 - The agreement on pollution control standards, Approval of the environmental standards, Decree on compensation for damages and relocate people from development projects
 - The requirement for all concessions to conduct EIA assessments before implementation; and Decree on Environmental Protection Fund
- **Water resource**
 - Approve the revised Law on Water and Water Resources by the National Assembly in 2017 to manage water resources sustainably, other measures including the right and use of water, Allowance for wastewater, Protection of water resources and wetlands, Water management and management of reservoirs.

Outcome 3 – Environmental Development (continued)



- Change in the data source for reporting on forest coverage led to a more accurate and consistent estimate of forest cover (58 percent of the land area in Lao PDR – 70% target). Nationwide, 139 protected forests cover an area of 7.9 million hectares. In this, 49 national protected areas cover 7.4 million hectares.
- Government is promoting climate-resilient farming systems for improved food and nutrition security among the most vulnerable communities. The floods and disasters in 2018 show that existing early warning systems are not adequate and still need to be strengthened. A Post-Disaster Needs Assessment (PDNA) led by the Government was launched on 24 September. The PDNA provides a platform for the international community to assist in recovery and reconstruction. Completing the establishment of 5 new meteorological stations, equivalent to 33% of the five-year plan, and completing the construction of 20 new hydropower stations, equivalent to 56% of the five-year plan.
- On September 7, 2016, Lao PDR was the first country in ASEAN and the 26th country in the world to ratify the Paris Declaration on Climate Change.

Cross Cutting Outcomes



- Measures to further facilitate the decentralization process (Sam Sang), which was officially extended nationwide to all 148 districts.
- The Ministry of Home Affairs conducted assessments of the Government's organizational structure and functions at each level, which led to changes to improve the efficiency and effectiveness of government.
- Introduced important changes in the legal sector, following a Constitutional amendment and new/revised laws promulgated.
- Improvement of civil law and criminal.
- Recognizes the importance of increased engagement of civil society in the country's socio-economic development process. Some 152 NPAs and 11 Foundations are officially registered. A revised draft NPA decree (No. 238) was signed in 2017.

Cross Cutting Outcomes (continued)



- Legislative and policy actions have been enacted to improve scientific innovation, including
 - The Law on Intellectual Property and associated implementation of trademarks, copyrights, and industrial patents.
 - The Law on Science and Technology has been developed and presented to the National Assembly.
 - The Ministry of Science and Technology is supporting the application of ICT and other technologies in a number of areas, such as agriculture, inter-ministerial coordination, and health.
- Has submitted a CEDAW report to the CEDAW Committee in 2017. Gender strategy has been implemented. South-South Cooperation and cooperation programmes with development partners are supporting several science and technology initiatives and deeper international cooperation on ICT.
- The first ever National Adolescent and Youth Policy is being developed through a consultative process under the leadership of Lao Youth Union. This will help Lao PDR to address the challenges facing youth and adolescents, in order to fully benefit from the demographic dividend to its economy, such as non-completion of secondary education, early marriage, and high adolescent birth rates.



2. Challenges/constraints, challenges and measures for the remaining period of the 8th NSEDP

Lessons learnt and challenges



- The implementation of the 8th NSEDP has many difficulties and challenges both at home and abroad.
- Economic targets might not be achieved. One of the causes is the risk of natural disasters as well as floods in 2018 in 17 province including Vientiane, particularly in Attapeu which has been heavily effected compared to other provinces..
- Employment in other sectors other than agriculture is limited.
- Most industry sectors also rely on natural resources and exports are still limited, especially in the absence of much export markets and trade partners which are limited.
- There are also limitations and difficulties in the business sector, SMEs can not access as much capital as they should.
- Macroeconomic stability: revenue collection, public financial management, debt management and others
- Low quality labor and out-of-work workers still account for a high proportion
- The funding sources for addressing poverty are still limited and In particular, building the necessary infrastructure and the UXO matters.

Lessons learnt and challenges (continued)



- Investment management large-scale infrastructure development projects are not making a big progress, particularly, electricity and mining sectors; But the service sector is not contributing much.
- Although primary access to primary education has increased, the rate of completion or survival rates is still low due to grade 1 drop rate.
- Within the age group from 15 to 24, literacy rates for male and female students have been improved, but there is a great deal of discrepancies. Not enough secondary graduates enter the labor market and lack of skills.
- Access to water resources and sanitation facilities is increasing, however the rate of improper sanitation stands at 26.2%
- Access to social welfare and protection is limited
- Lao tourism revenue is lower than in other countries. Most tourists visit Laos as a transit destination.
- Environmental management is still difficult and the number of biodiversity that is endangered by extinction has increased from 115 species in 2008 to 210 species in 2017 - Early warning systems are still limited.

Measures for the Remaining Period of the 8th NSEDP



1. Country ownership: attempt to mobilize state and private enterprises, all economic units, participation and contribution of all stakeholders in society, clearer roles and responsibilities at all levels, proper analysis of goals and targets, budget allocation and human capital which need to be clearly specified within the annual plan at sectoral and provincial levels.
2. Revenue collection: business registration and giving entrepreneurs the opportunity to hold a business account, modernization of technology, banking system, capacity of staff to manage revenue collection in effective and transparent manner. .
3. Improve interest rate policy to ensure liquidity environment by continuing the appropriate policy on both interest rates for money deposit and loans of the commercial banks. Continue applying policy rate and reserve requirement ratio and updating them appropriately
4. Strengthened public expenditure management: business operation within the government rules and regulations, expenditure rationalization, effective monitoring and evaluation of public expenditure programmes, market economy and proper planning, effectiveness and efficiency, fiscal discipline and debt management.

Measures for the Remaining Period of the 8th NSEDP (continued)



5. Enabling environment for operationalization and effective implementation of major investment projects and programmes which have been agreed upon. In particular, there is need to ensure proper monitoring and reporting on their implementation activities which are in line with rules and regulations of the government.
6. upgrading labour skills development and working discipline; paying attention to labour law implementation, inspection, and enforcement, and; effectively managing Lao labour
7. Ensure inclusive and equitable quality education and health and promote life-long learning opportunities for all, quality teaching, service delivery (teachers, health professionals, etc..) to rural areas. .
8. Aadvocacy activities and effective implementation and clearer roles and responsibilities.



3. Preparation for the formulation of the 9th NSEDP (2021-2025)



Direction for the preparation of the 9th NSEDP (2021-2025)

- **Direction of the 9th NSEDP (2021-2025)** – focuses on acceleration for the achievement of 10 year development strategy and the vision 2030.
- **Overall objectives:**
 1. A stable socio-economy reform
 2. Resilient country, ensuring political stability, peace and social order
 3. Continued efforts for LDC graduation.
 4. Public administration and rule of law
 5. Human resource development and skilful labour force
 6. Continued efforts to move toward modernized industrialization
 7. Regional and global integration and cooperation in effective manner.



Key activities for the preparation of the 9th NSED (2021-2025)

1. National, Sectoral and Provincial consultations and analysis of key constraints, challenges, lesson learnt and other related information throughout the implementation of the remaining period of the 8th NSED and provide inputs for the preparation of the 9th NSED which will need to be evidence based and reflect realities for effective implementation.
2. Focuses on key research areas such as:
 1. Macro-economic stability and economic growth,
 2. Structure of economy,
 3. Foundation and structure of sustainable development,
 4. Debt management
 5. Economic diversification and productivity,
 6. Domestic investment and SMEs,
 7. Rural development and poverty reduction which are linked to SDGs and LDC.
 8. Labour force and labour management
 9. Others.
3. Consultations and participation of development partners and other stakeholders throughout the nation and society.



Initial Timeframe for the preparation of the 9th NSED

1. Instruction, concept and methodology (January – March 2019)
2. Launching the preparation process (April – May 2019)
3. Research and information gathering through various consultations at national, sectoral and provincial levels (May – October 2019)
4. Initial draft of the 9th NSED could be shared with national and international partners during the 2019 Round Table Implementation Meeting
5. Final draft should be ready by early 2020 and approved by the NA mid-2020 then share with all partners during the High Level Round Table Meeting 2020.



Kob Chai (Thank You)