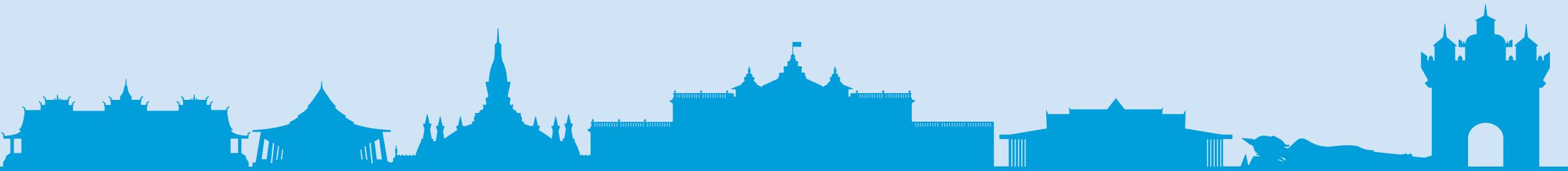




**13TH HIGH-LEVEL
ROUND TABLE MEETING**

Vientiane | 17 November 2021



The 9th NSEDP: National Development Priorities, Monitoring and Evaluation, and Financing

H.E. Mrs. Phonevanh OUTHAVONG
Deputy Minister of Planning and Investment

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**The 9th NSEDP:
Lao PDR's National Development Priorities
for 2021-2025**

A structured and consulted plan

- Evidence-based planning cycle
- COVID-19 pandemic constant adaptation
- Building on achievements and lessons of the 8th NSEDP
- Consultations with sectors, local authorities, DPs, private sector and civil society
- High-Level Consultation on the 9th NSEDP on December 2020

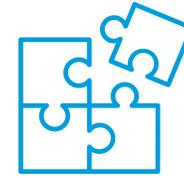


Building on achievements and shortcomings



Achievements

- ❑ *Political stability*
- ❑ *LDC Graduation status achieved, implementation of the SDGs and green growth have progressed well*
- ❑ *Improved infrastructure development, attractiveness of Lao PDR*
- ❑ *Poverty alleviation*
- ❑ *Public administration efficiency and effectiveness*
- ❑ *Digitalization*
- ❑ *Regional and international cooperation*



Shortcomings

- ❑ *Quality, inclusivity, and sustainability of growth*
- ❑ *Environmental protection*
- ❑ *Economic, financial and monetary vulnerabilities*
- ❑ *Business environment and private sector development*
- ❑ *Modernisation and productivity of regions*
- ❑ *Low-skilled labour force and management of workers abroad*
- ❑ *Quality of learning and of healthcare*
- ❑ *Inequalities, social and regional disparities*
- ❑ *Rule of law, decentralisation*

Aware of the key challenges of our time



Climate change and nature loss

Limiting impacts of economic activity on the environment, transition to low-carbon development, adapting to and mitigating climate change



COVID-19 recovery

Getting Lao PDR back on track to achieve the SDGs and manage and mitigate the socio-economic impacts of the pandemic



Socio-economic vulnerabilities

Development finance availability and access, human capital development, inequalities and disparities



LDC Graduation

Managing the transition and long-term vulnerabilities for a sustainable graduation from LDC status

Four overarching directions

01

QUALITY

Efficiency, effectiveness of development investment, multi-stakeholder partnerships, increased competitiveness, skills development, innovation

02

FOCUSED

Targeted investments according to difficulties and comparative advantages of sectors and regions, taking advantages of increased connectivity, stimulated domestic production in priority sectors

03

GREEN

Protected environment, optimisation of natural resources use, reduced pollution and GHG emissions, reduced environmental and disaster vulnerabilities

04

SUSTAINABLE

Economic diversification, reduced environmental impact of economic activity, inclusive growth and alleviating poverty, in green and social sectors

6 interconnected outcomes



1. Continuous, quality, stable, and sustainable **economic growth** achieved



2. Improved quality of **human resources**



3. Enhanced **well-being of the people**



4. **Environmental protection** enhanced and **disaster risks** reduced



5. **Regional and international cooperation and integration** are enhanced



6. **Public governance and administration** is improved, and society is equal, fair, and protected by the rule of law

25 targeted outputs (1/2)



1. Quality and sustainable growth
2. Macroeconomic stabilization
3. Investment quality and effectiveness
4. Private Sector Development
5. SOEs performance



1. More inclusive and better quality healthcare and nutrition
2. Education quality and access
3. Labour force skills development
4. Science and technology



1. Poverty alleviation
2. Inclusive public infrastructure
3. Children and women development
4. Youth development
5. Social protection and safety nets
6. UXO clearance

25 targeted outputs (2/2)



1. Natural resources management
2. Green growth and climate change mitigation
3. Disaster risk management and adaptation



1. Connectivity infrastructures
2. Regional and international trade
3. Robust regional and local development
4. Urban development



1. Public administration efficiency and decentralisation
2. Improved coordination and regulations in the public sector
3. Political stability and social harmony



Monitoring and Evaluating Progress of the 9th NSEDP Implementation

Context: a practical and useful M&E framework

01

Enhancement of the 9th NSEDP.

During and after formulation, attention also built around development of implementation arrangements.

02

The 9th NSEDP attempts to implement results-based management.

Closely monitoring and evaluating progress is imperative to ensure that we achieve our ambitions of our outcome-based plan.

03

Data and information management are key challenges.

These challenges impede evidence-based policy-making and the appropriate tracking of progress made.

04

Impacts of COVID-19.

The pandemic has further reinforced vulnerabilities and threatened development progress. Closely monitoring progress or regression will be critical to achieve the SDGs.

M&E framework review process

December 2020:

RBM and related technical workshops and High-Level Consultation on the 9th NSEDP

February 2021:

Streamlining process with support from LSB and UN – M&E finalisation workshop

End of March 2021:

Presented to National Assembly

January 2021:

617 indicators received from line ministries

March 2021:

Reduction to 147 core indicators

April-May 2021:

Revised following National Assembly review: 168 indicators

Key features of the M&E framework



More streamlined

Unlike the previous M&E framework, MPI managed, through consultations and with UN support, to reduce the list of indicators to a more manageable number.



More comprehensive

Despite some data challenges, M&E indicators span across the six outcomes and were selected for their ability to capture the policy priorities in the 9th NSEDP.



More aligned

The M&E framework selected indicators from the nationalized SDG indicators and where data was available, international frameworks such as the Sendai Framework and the UPR.



More complete

Particular attention was paid to ensure that a maximum number of indicators had baseline data and targets, and that a maximum number of outputs had appropriate indicators.

Lessons learnt for the continuous improvement of M&E



Data access and availability

Reducing the number of indicators without baseline and targets and facilitating access will be critical.



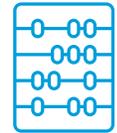
Processes

Ensuring, from the onset, a closer alignment with RBM principles in terms of formulation of outcomes, outputs, and a results framework, will be necessary.



Coordination management

Significant capacity goes into coordination of relevant development stakeholders. Mobilising their inputs is critical to the success of the M&E framework formulation.



Alignment

More focus needs to be put on production of national SDGs, and alignment between sectoral plans, international frameworks, and the national plan M&E framework.



Financing the achievement of the 9th NSEDP

Context: a financing strategy for the national plan

01

Recent finalisation of the 9th NSEDP

After agreement on final policy priorities, attention turned to implementation at a critical time for Lao PDR's development.

02

Progressively limited fiscal space

However, implementation is constrained by several challenges to investment in development.

03

Impacts of COVID-19

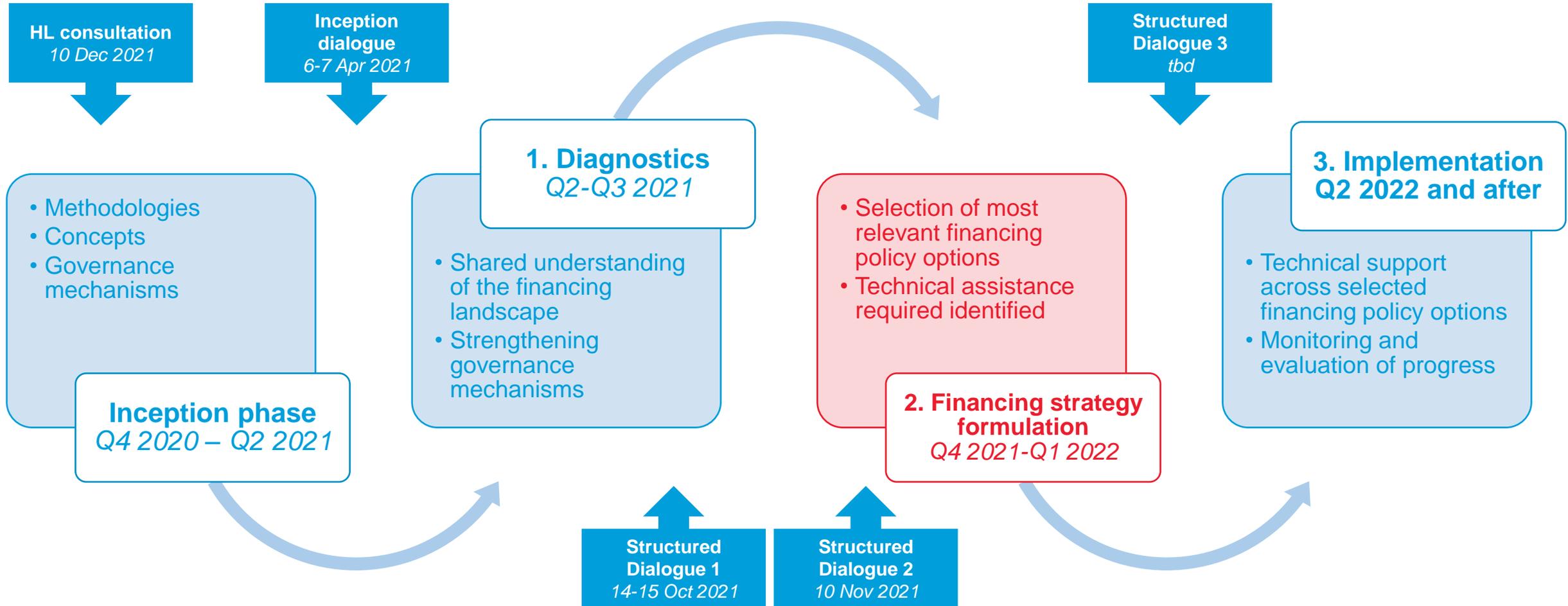
The pandemic has reinforced long-lasting vulnerabilities and threatens development progress. More resources needed to get back on track to achieve the SDGs and sustainable LDC graduation.

04

Limited contributions from the private sector

This additional burden cannot yet be carried by the private sector, which does not contribute substantially to the 9th NSEDP directions.

A structured process



Financing strategy: a collaborative and consensus-based process



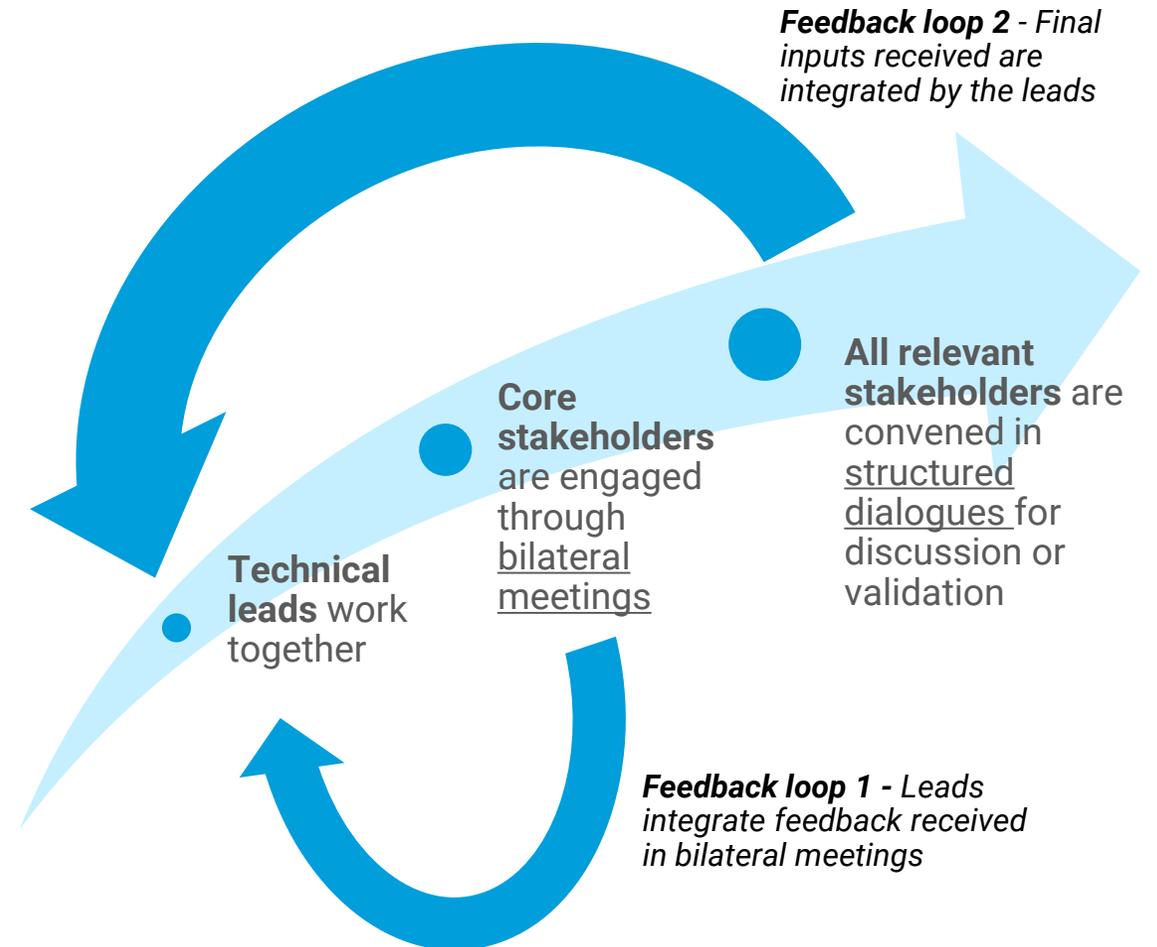
Government

- Secretariat led by Department of Planning of MPI
- Critical technical support received from MoF, BoL, MoH
- Extensive consultations with MPI, MoNRE, MoES, MoLSW...



Development partners

- UN Joint Programme
- UNDESA on climate finance
- Consultations with WB, IMF, EU, ADB, UN



The Integrated National Financing Framework (INFF)

The backbone of the 9th NSEDP financing strategy



An international approach

Agreed in 2015 in Addis-Ababa by Member States, to fix the missing link between planning and financing, and address the funding gap to achieve the SDGs.



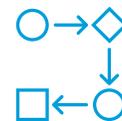
Nationally-owned

The INFF provides guidance for country-led overarching management of development finance, linked to national plans.



Holistic and integrated

The INFF considers all sources of finance (domestic/international – private/public), all relevant stakeholders, and additional challenges on data, information management, and coordination.



A structured framework

The INFF provides a structured process, adaptable at country-level, along four phases: inception, diagnostics, financing strategy formulation, implementation.

Assessment on development finance



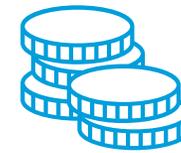
Financing (constraints)

Based on desk research – e.g. Article IV, World Bank Economic Monitors – key stakeholder interviews, expert consultations, and forecasts

Development Finance Assessment (UNDP)

Climate Finance Review (UNDESA)

Sovereign bonds (UNCDF)



Costing (investment needs)

Based on desk research – e.g. sector plans, SDG costing report from SDSN – key stakeholder interviews, expert consultations, and forecasts

Literature reviews on investment needs across of the 9th NSEDP (UN)

Health investment case (UNFPA)

Key findings of the assessment (1/2)

Domestic public

- Revenues need to increase
- There are inconsistencies between current allocations and the NSEDP policy priorities
- The scope of further borrowing is constrained

International public

- ODA contributes heavily to social sectors
- Better data on ODA will support more informed ODA management
- Absorptive capacity constrain ODA's efficiency and effectiveness
- LDC Graduation potential impacts on ODA need to be managed

Domestic private

- Domestic private finance can be an important source of development finance but is largely untapped
- Credit policies need to consider macroeconomic stabilization needs

Key findings of the assessment (2/2)

International private

- Need to redirect FDI towards social sectors
- Need to diversify countries of origin
- Foreign Portfolio Investment can help with SOE management
- Remittances play a vital role for communities
- Tackling illicit finance can improve the business environment and attractiveness

Specific sectors

- State budget allocations to key sectors below expectations
- Climate finance largely untapped
- + various sectoral findings

Cross-cutting

- Several data issues (e.g. proxy for domestic private investment)
- Information management issues (e.g. ODA database)
- Coordination issues (e.g. planning and budgeting functions)

Objectives and scope of the financing strategy

01

The financing strategy aims to support the achievement of the 9th NSEDP

02

The financing strategy is **not meant to replace existing frameworks, policies, and projects**

03

The financing strategy should be composed of **practical and quickly implementable** financing options

04

The financing strategy should **try to prioritise**, within practical and implementable solutions, those that require the **most immediate focus**

05

The financing strategy is a **collective** effort, with all relevant stakeholders

Additional considerations on the scope

01

The financing strategy will look at how **all sources of finance** can contribute to 9th NSEDP priorities, following **the INFF classification**

02

Some **key sectors** require more specific, in-depth look: health, education, low-carbon and sustainable development.

03

Some challenges are cross-cutting, such as data, information management and coordination.

Financing policy areas (1/2)



Domestic Public Finance

- ❑ **Domestic Revenue Mobilization**
Revenues need to increase
- ❑ **Improve expenditure and public investment management alignment to 9th NSEDP priorities**
Expenditure inconsistencies
- ❑ **Sustainable debt and borrowing management, including SOEs**
Scope of further borrowing is constrained
Expenditure inconsistencies



International Public Finance

- ❑ **Improve predictability, efficiency, and effectiveness of ODA**
ODA contributes heavily to social sectors
Absorptive capacity constrain ODA's efficiency and effectiveness
- ❑ **Take advantage of LDC status now and begin managing future impacts from LDC graduation**
LDC Graduation potential impacts on ODA need to be managed



Domestic Private Finance

- ❑ **Improve the business environment to unlock private finance for green and social sectors**
Domestic private finance can be important but is largely untapped
- ❑ **Support a sustainable private financial sector**
Credit policies need to consider macroeconomic stabilization needs

Financing policy areas (2/2)



International Private Finance

- ❑ **Diversify quality FDI**
- ❑ **Balance SEZs attractiveness benefits and fiscal costs**
Need to redirect FDI towards social sectors
Overreliance on a few countries
Revenues need to increase
- ❑ **Tackling illicit finance to improve Lao PDR's international profile**
Tackling illicit finance can improve the business environment
- ❑ **Facilitate remittance transfers**
Remittances are vital for communities



Specific sectors

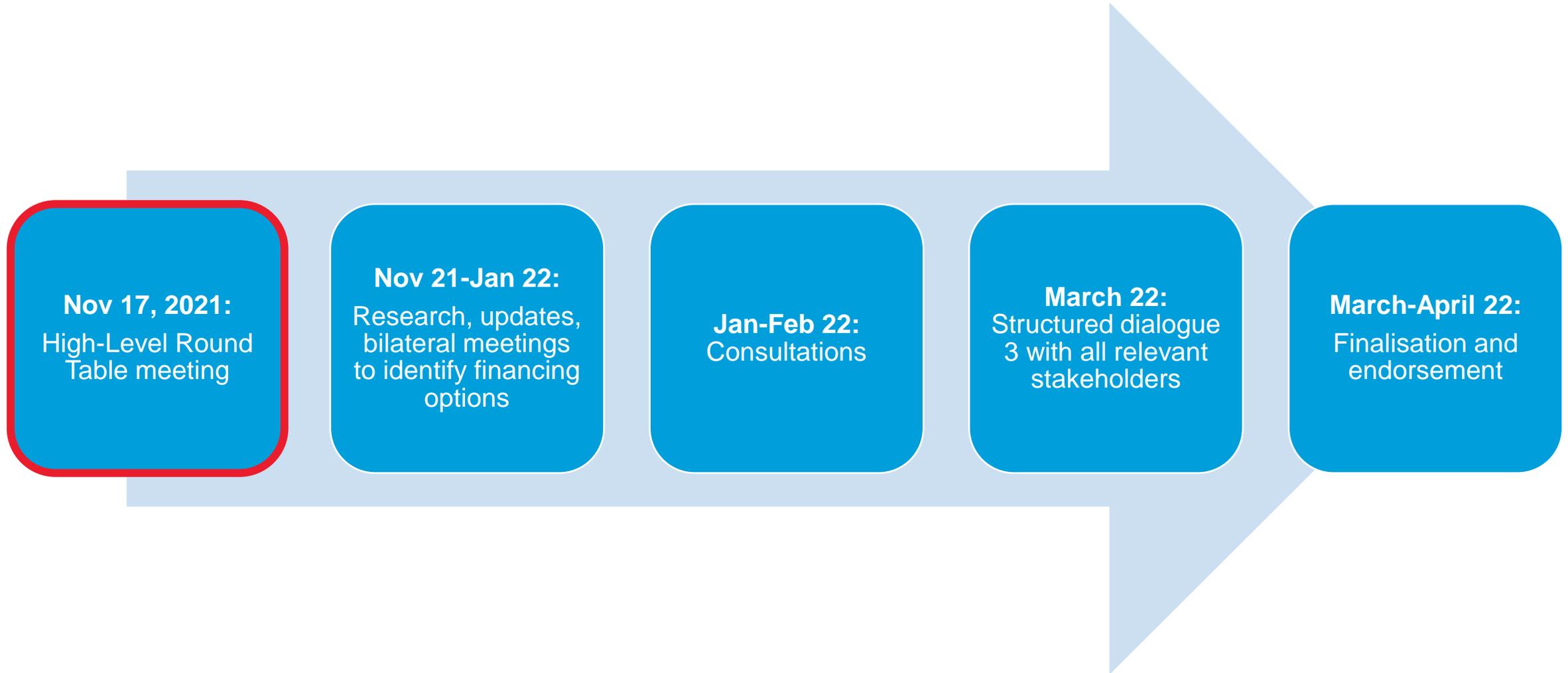
- ❑ **Improve the sustainability of education and health financing**
State budget allocations to key sectors below expectations
UNFPA health investment case
+ various findings from the lit reviews
- ❑ **Facilitating investments in green and low carbon development**
Climate finance largely untapped



Cross-cutting issues

- ❑ **Resolving key data gaps for the implementation and monitoring and evaluation of the financing strategy**
Data issues for evidence-based policy making were identified
- ❑ **Strengthening coordination and information-sharing between all relevant stakeholders, including the private sector**
Issues in coordination between planning and financing/ budgeting functions

Towards a timely finalization of the financing strategy





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THANK YOU!