

ກອງປະຊຸມໂຕະມົນປະຈຳປີ 2023: ຮ່າງບົດລາຍງານສໍາລັບໜ່ວຍງານຂະແໜງການ RTIM 2023: Sector Working Group Reporting Template

ບົດລາຍງານນີ້ແມ່ນບົດລາຍງານຮ່ວມລະຫວ່າງປະທານ ແລະ ປະທານຮ່ວມໜ່ວຍງານຂະແໜງການ. ກະລຸນາປຶກສາຫາລືຮ່ວມ ກັບໜ່ວຍງານຂະແໜງການຍ່ອຍພາຍໃຕ້ໜ່ວຍງານຂະແໜງການຂອງທ່ານ ຕາມຄວາມເໝາະສົມ, ແລະ ຄັດຕິດບັນດາເອກະສານ ທີ່ກ່ຽວຂ້ອງກັບບົດລາຍງານນີ້.

This is a joint report of SWG Chair and Co-chairs. Please consult with your sub-sector working groups as appropriate, and consider annexing relevant documents to this report.

ຊື່ໜ່ວຍງານຂະແໜງການ:

SWG Name: Macroeconomic Working Group

ປະທານໜ່ວຍງານຂະແໜງການ(ຊື່ ແລະ ຕໍາແໜ່ງ):

SWG Chair (name and position): H. E. Madame. Phonevanh Outhavong, Vice Minister, Ministry of Planning and Investment

ຕິດຕໍ່ພົວພັນ(ເບີໂທ ແລະ ອີເມລ):

Contact address (Telephone & email address):

ປະທານຮ່ວມໜ່ວຍງານຂະແໜງການ(ຊື່ ແລະ ຕໍາແໜ່ງ):

SWG Co-chairs (name and position):

ຕິດຕໍ່ພົວພັນ(ເບີໂທ ແລະ ອີເມລ):

Contact address (Telephone & email address):

Mr. Alexander Kremer, Country Manager, World Bank (Xieng Ngeun Village, Chao Fa Ngum Road, Vientiane, Tel: (+856-21) 266 200, laos@worldbank.org).

Mrs. Sonomi Tanaka, Country Director, ADB (Corner of Lanexang Av. and Samsenthai Rd., P.O. Box 9724, Vientiane, Lao PDR, Tel +856 21 250444, stanaka@adb.org)

ຫົວໜ້າກອງເລຂາ(ຊື່ ແລະ ຕໍາແໜ່ງ):

Head of Secretariat (name and position): Director General, Department of Planning

ຕິດຕໍ່ພົວພັນ(ເບີໂທ ແລະ ອີເມລ):

Contact address (Telephone & email address):

ເລຂາຝ່າຍລັດຖະບານ(ຊື່ ແລະ ຕໍາແໜ່ງ):

Secretariat (Government)(name and position):

ຕິດຕໍ່ພົວພັນ(ເບີໂທ ແລະ ອີເມລ):

Contact address (Telephone & email address):

ເລຂາຝ່າຍຄູ່ຮ່ວມພັດທະນາ(ຊື່ ແລະ ຕໍາແໜ່ງ):

Secretariat (DPs)(name and position):

Mr. Soulinthone Leuangkhamsing, Senior Economist, ADB Lao Resident Mission, Tel: +856 21 250444; Mobile: 020 5400 4888; email: sleuangkhamsing@adb.org

Mr. Somneuk Davading, Senior Economist, World Bank, Tel: 020 5777 1305; email: sdavading@worldbank.org

1. ເປົ້າໝາຍ ແລະ ຄາດໝາຍຫຼັກ ຂອງໜ່ວຍງານຂະແໜງການໃນປີ 2023 (1/2 ໜ້າ)

1. Main objectives and targets of Sector Working Group in 2023 (1/2 page)

The Macroeconomic Working Group is one of the ten coordination platforms under the Lao PDR's Round Table Process. The Group serves as a forum between the Government of the Lao PDR and Development Partners to share information and discuss recent economic development challenges and opportunities, aiming to build consensus on economic policy reform priorities, mobilize resources needed, and ensure effective coordination and cooperation between the GOL and development partners, as set out in the Vientiane Declaration of 2015.

2. ໝາກຜົນ ແລະ ຜົນໄດ້ຮັບ ທີ່ບັນລຸໄດ້ໃນປີ 2023 ພາຍໃນຂະແໜງການຂອງທ່ານ ມີຫຍັງແດ່ ທຽບກັບຄຳແນະນຳທາງດ້ານນະໂຍບາຍໃນກອງປະຊຸມໂຕະມົນປະຈຳປີ 2022, ແລະ ແຜນ ພັດທະນາເສດຖະກິດສັງຄົມແຫ່ງຊາດຄັ້ງທີ 9, ເປົ້າໝາຍພັດທະນາແບບຍືນຍົງແຫ່ງຊາດ ແລະ ແຜນຍຸດທະສາດຂອງຂະແໜງການ? (1–2 ໜ້າ)

2. What are the key results and impacts achieved within your sector in 2023 against the [2022 RTIM policy recommendations](#), and [9th NSEDP](#), SDGs and sector strategies? (1-2 pages)

In 2023, the Lao PDR continued to face significant macroeconomic challenges, disrupting development progress toward the achieving some of the NSEDP targets and Sustainable development Goals (SDG). Persistent structural vulnerabilities have been exacerbated by the impacts of the adverse global and domestic macroeconomic conditions. Efforts to address these challenges were prioritised in the National Agenda on Addressing Economic and Financial Difficulties (2021-2023) and has been extended to 2025. Additionally, at the request from MPI, the UN provided technical support to the development of the 9th NSEDP Financing Strategy, involving extensive and active engagement from the World Bank and the ADB. To further address macroeconomic instability and advance the implementation of the National Agenda and the 9th NSEDP, MPI requested the support from the World Bank and the Asian Development Bank for the policy recommendations which resulted in a “Reform Roadmap” with proposed 37 actions to be undertaken by the end of 2023, with a strong emphasis on stabilizing the country’s economy. The Reform Roadmap was submitted to MPI in November 2022. The five priority reform areas of the Roadmap are presented as the “Vital Five” as follows:

1. Cut costly tax exemptions, which are depriving the budget of much needed revenue to fund basic public services (e.g., education and health);
2. Improve the governance of public and public-private investments, as inefficient investments often create large liabilities for the government;
3. Restructure public debt through ongoing negotiations with bilateral creditors, as high debt levels undermine macroeconomic stability and constrain fiscal space;
4. Strengthen financial sector stability by monitoring vulnerabilities in the banking system and putting in place emergency mechanisms in case of need, and
5. Enhance the business environment, which would help encourage foreign investment and increase exports to create more and better jobs.

The Macroeconomic Working Group framed its discussions around the themes of the Reform Roadmap in 2023. A technical macroeconomic working group meeting was held in early February 2023, jointly led by the Department of Planning and the Development Research Institute (DRI), which discussed the proposed priority reforms in detail. The Reform Roadmap and the outcomes of

discussion were presented at the Executive Macroeconomic Working Group Meeting on 9 February 2023. The meeting endorsed the selected priorities, which were subsequently embedded in the 9th NSEDP Financing Strategy, approved by the Prime Minister on 30th June 2023. Revenue reforms proposed by the Reform Roadmap included restoring the Value-added Tax rate back to 10% and curbing tax exemptions. These policy recommendations served as important inputs to the current MOF proposal to restore the VAT rate to 10% in early 2024, and the upcoming revision of the Investment Promotion Law, which is to be submitted to the National Assembly in 2024.

The Second executive Macroeconomic Working Group meeting was held on 29 September 2023, which discussed the implementation progress of the 9th NSEDP and the Budget Plan 2023, as well as contingent liabilities related to public-private partnerships, which may pose a significant risk to macroeconomic stability. The meeting was informed of 6-month implementation progress of the Annual 2023 NSEDP and Budget Plan 2023 and their directions for the second half of 2023, led by MPI and MOF, respectively. In the context of supporting the 9th NSEDP implementation, MPI also presented ongoing and planned public-private partnerships (PPPs), as well as plans to upgrade the PPP Decree into a PPP Law. In addition, the World Bank presented international good practices and policy recommendations on PPPs, which were informed by the recent Public Finance Review. The recommendations provided valuable inputs to the PPP Law preparation.

Overall, the Macroeconomic Working Group has been an important platform to enable discussions on the key reform priorities and facilitated inputs for government annual planning. The Reform Roadmap has also served as a coherent platform for key development partners. To strengthen the effectiveness of this working group, there should be a greater ownership and stronger monitoring of the implementation of the adopted policy recommendations.

3a. ໂດຍອີງໃສ່ບັນດາຄໍາແນະນໍາໃນບົດທົບທວນກາງສະໄໝຂອງແຜນພັດທະນາເສດຖະກິດສັງຄົມ ແຫ່ງຊາດຄັ້ງທີ 9, ບຸລິມະສິດປະຈໍາປີ2024 ຂອງໜ່ວຍງານຂະແໜງທ່ານມີຫຍັງແດ່? (1 ໜ້າ)

3.a Building on the recommendations of the Mid-Term Review (MTR) of the 9th NSEDP, what are the SWG’s key priorities for 2024? (1 page)

To continue to support the National Agenda and the NSEDP, against a backdrop of persistent macroeconomic instability, key priorities for 2024 include follow-ups on the key recommendations of the Reform Roadmap. A Reform Roadmap performance monitoring template has been developed (Table 2 from the Roadmap) and will be a standing agenda item to monitor implementation by the Working Group. It would be important to assess progress on the revenue reforms discussed in 2023, including the reversal of the VAT rate, implementation of revised excise taxes (including on alcohol and tobacco), and the review of tax exemptions in the Investment Promotion Law. It would also be critical to discuss spending levels on areas that are crucial for medium-term growth, such as education, health, and infrastructure. The remaining priorities (e.g., public debt management, foreign exchange reserves management, PPP governance, financial sector stability, and business environment) need further discussion. Public debt level is expected to remain high, given kip depreciation pressures and limited access to international capital markets. Therefore, it would be important to discuss strategies and plans to improve public debt management, such as strengthening the legal framework, monitoring fiscal risk and enhancing institutional capacity. The importance of the aforementioned issues are supported by the Public Finance Review. Dialogue on financial sector stability, which is related to fiscal and debt sustainability and private sector growth, should be deepened. Key areas include strengthening bank monitoring and supervision. The

implementation of foreign exchange reserves management is critical to maintain price stability and also short-term negative impact to the private sector and business environment as whole. Improving the business environment to support the private sector could be further discussed in the angle of supporting macroeconomic stability and in coordination with the Trade and Private Sector Development Working Group.

3b. ໂດຍອີງໃສ່ບັນດາຄໍາແນະນໍາໃນບົດທົບທວນກາງສະໄໝຂອງແຜນພັດທະນາເສດຖະກິດສັງຄົມ ແຫ່ງຊາດຄັ້ງທີ9, ບູລິມະສິດຂອງໜ່ວຍງານຂະແໜງທ່ານເພື່ອກະກຽມແຜນພັດທະນາເສດຖະກິດ ສັງຄົມແຫ່ງຊາດຄັ້ງທີ 10 ມີຫຍັງແດ່? (1/2 ໜ້າ)

3.b Building on the recommendations of the Mid-Term Review (MTR) of the 9th NSEDP, what are the SWG's key priorities for the conceptualization of the 10th NSEDP? (1/2 page)

The main focus could deepen policy dialogues around five priorities and the implementation of the adopted policies:

1. Cut costly tax exemptions, which are depriving the budget of much needed revenues for funding basic public services (e.g., education and health), reversing the VAT rate to 10% and restructuring of excise on alcohol and tobacco;
2. Improve the governance of public and public-private investments, as inefficient investments often create liabilities for the government;
3. Restructure public debt through ongoing negotiations with bilateral creditors, as high debt levels undermine macroeconomic stability and constrain fiscal space;
4. Strengthen financial sector stability by monitoring vulnerabilities in the banking system and putting in place mechanisms in case of need, and
5. Enhance the business environment, which would help encourage foreign investment and increased exports to create more and better jobs.

4. ບົດຮຽນສໍາຄັນທີ່ທ່ານສາມາດທອດຖອນໄດ້ຈາກໜ່ວຍງານຂະແໜງການ ແລະ ຈາກບົດລາຍ ງານທົບທວນກາງສະໄໝຂອງແຜນພັດທະນາເສດຖະກິດສັງຄົມແຫ່ງຊາດຄັ້ງທີ9 ມີຫຍັງແດ່?(1/2 ໜ້າ)

4. What are the key lessons learned for the SWG, including from the MTR of the 9th NSEDP? (1/2 page)

The Working Group is a helpful platform to strengthen the policy dialogues between the GOL and Development Partners, especially enabling a discussion of macroeconomic management challenges and policy recommendations. To further enhance its effectiveness, relevant topics should be deliberated among policy makers in other forums, such as government meetings to accelerate the momentum for reforms. It is also important to enhance meaningful participation of key stakeholders in economic policy dialogue is also important by regularly upgrading the capacity of concerned line agencies to ensure up-to-date knowledge, information and tools necessary for policy analysis and formulation. Given that many reforms require a broad consensus (e.g., MOF, MPI, BOL, MOIC, PMO, National Assembly, etc.) it is important to ensure buy-in and accountability from all government entities (not just MPI). Moreover, a stronger participation of key bilateral donors could be promoted

to facilitate a broader policy dialogue and build a stronger consensus around policy recommendations that can help restoring the macroeconomic stability.

Annex

**Agenda for the Technical Macroeconomic Working Group Meeting
7 February 2023, Lao Plaza Hotel**

Time	Topic	
8:30-9:00	Registration	
9:00-9:10	Opening remarks	Mr. Sithiroth Rasphon Director General Development Research Institute
9:10-9:40	Presentation on Reform Roadmap and its six priorities to support the implementation of the National Agenda on Addressing Economic and Financial Difficulties <ul style="list-style-type: none"> - Revenue mobilization - Expenditure efficiency and social spending 	World Bank
9:40-10:15	Discussion	All participants
10:15-10:30	Coffee Break	All participants
10:30-11:05	Reform Roadmap (continued) <ul style="list-style-type: none"> - PPP - Debt management - Financial and monetary stability 	All participant
11:05-11:30	Discussion	All participants
11:30-11:45	Closing remarks	Mr. Sithiroth Rasphon Director General Development Research Institute

**Agenda for the First Executive Macroeconomic Working Group Meeting
9 February 2023, Crowne Plaza Hotel**

Time	Topic	
8:30-9:00	Registration	
9:00-9:15	Opening remarks	<ul style="list-style-type: none"> • H.E. Madame. Phonevanh Outhavong, Vice Minister of Planning and Investment • Mrs. Sonomi Tanaka, Country Director, ADB • Mr. Alex Kremer, Country Manager, World Bank
9:15-9:45	Presentation on Reform Roadmap and its six priorities to support the implementation of the National Agenda on Addressing Economic and Financial Difficulties	<ul style="list-style-type: none"> • Pedro Martins, Senior Country Economist, World Bank
9:45-10:15	Report of result of technical meeting on Reform Roadmap	<ul style="list-style-type: none"> • Presented by Development Research Institute
10:15-10:20	Group Photo	All participants
10:20-10:40	Coffee Break	All participants
10:40-11:40	Discussion and comments	All participant
11:40-12:00	Closing remarks	<ul style="list-style-type: none"> • Mrs. Sonomi Tanaka, Country Director, ADB • Mr. Alex Kremer, Country Manager, World Bank • H.E. Madame. Phonevanh Outhavong, Vice Minister of Planning and Investment
12:00-13:00	Lunch	All participants are invited

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Agenda
Second Executive Macroeconomic Working Group Meeting, 2023
 29 September 2023
 Venue: Muong Thanh Hotel

Time	Agenda	Presenters
13:00-13:30	Registration	
13:30-13:45	Opening Remarks	<ul style="list-style-type: none"> • Madame. Phonevanh Outhavong Vice Minister, MPI • Mr. Alex Kremer Country Manager, WB • Mrs. Sonomi Tanaka Country Director, ADB
13:45-14:00	Six-month implementation of the NSEDP 2023 and plan for the last 6 months of 2023	Department of Planning, MPI
14:00-14:15	Six-month budget implementation and plan for the last 6 months of 2023	Fiscal Policy Department, MOF
14:15-14:20	Photo session	All participants
14:20-14:30	Coffee break	All participants
14:30-14:45	Update on the Public-Private Partnership (PPP)	Department of Investment Promotion, MPI
14:45-15:00	Public-Private Partnerships: Evidence from the World Bank's Public Finance Review	World Bank
15:00-16:15	Discussion	All participants
16:15-16:30	Summary and closing remarks	<ul style="list-style-type: none"> • Mrs. Sonomi Tanaka Country Director, ADB • Mr. Alex Kremer Country Manager, WB • Madame. Phonevanh Outhavong Vice Minister, MPI

ເອກະສານ
ກອງປະຊຸມປຶກສາຫາລືລະດັບສູງ ຂອງໜ່ວຍງານເສດຖະກິດມະຫາພາກ ຄັ້ງທີ II ປະຈຳປີ 2023
(The 2nd Executive Macroeconomic Working Group Consultation Meeting 2023)
ຄັ້ງວັນທີ 29 ກັນຍາ 2023.

